



**COUNTY OF LOS ANGELES  
TREASURER AND TAX COLLECTOR**  
KENNETH HAHN HALL OF ADMINISTRATION  
500 WEST TEMPLE STREET, ROOM 437  
LOS ANGELES, CA 90012



**MARK J. SALADINO**  
TREASURER AND TAX COLLECTOR

June 18, 2013

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**ADOPTED**

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

65 June 18, 2013

*Sachi A. Hamai*  
SACHI A. HAMAI  
EXECUTIVE OFFICER

**LOS ANGELES COUNTY ENERGY PROGRAM  
ISSUANCE OF CONTRACTUAL ASSESSMENT LIMITED OBLIGATION IMPROVEMENT BONDS,  
SERIES 2013 C-1  
(FOURTH DISTRICT) (3 VOTES)**

**SUBJECT**

The Treasurer and Tax Collector is requesting authorization to issue contractual assessment limited obligation bonds under the Los Angeles County Energy Program (LACEP), which was approved by your Board in May 2010. LACEP was established at the request of the Internal Services Department and Treasurer and Tax Collector to provide a financing mechanism for qualified property owners within the County of Los Angeles for the installation of energy and water efficiency improvements to their respective properties. Participating property owners will repay the cost of the improvements through an annual assessment levied against their property which is payable in semi-annual installments through the property tax system. The International Brotherhood of 848 TCWH has applied for financing through LACEP to fund the installation of such improvements to certain commercial property located in the City of Long Beach. The Contractual Assessment Limited Obligation Improvement Bonds, Series 2013 C-1 issued on behalf of the property owner will be the first financing completed by the County under LACEP.

**IT IS RECOMMENDED THAT THE BOARD:**

Adopt the Resolution authorizing the issuance of Contractual Assessment Limited Obligation Improvement Bonds, Series 2013 C-1 on behalf of The International Brotherhood of 848 TCWH in an aggregate principal amount not to exceed \$250,000.

## **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

On July 21, 2008, the Governor signed California Assembly Bill 811 (AB 811) which, as amended, authorizes local governments to provide Property Assessed Clean Energy (PACE) financing programs, which enable property owners to voluntarily finance energy and water efficiency improvements, and distributed generation renewable energy projects (collectively referred to as "Energy Improvements") that are permanently fixed to residential, commercial, industrial, or other real property. LACEP will provide a financing mechanism for Energy Improvements through an assessment contract between the County and the property owner, pursuant to which the County will disburse a specified amount of funding in the form of a loan to the property owner. The property owner will repay this loan through contractual assessments to be included on the annual property tax bill. If the owner sells the subject property prior to full repayment of the loan, the obligation remains a lien on the subject property that is transferred to the new property owner. The County intends to provide the initial financing for Energy Improvements under LACEP by issuing PACE bonds payable from contractual assessment revenues and secured by assessment contracts with qualified commercial property owners. Participation in this program is completely voluntary and property taxes for non-participating property owners will not be affected by the County's implementation of LACEP. In addition, the Energy Improvements will not generally be subject to reappraisal by the County Assessor unless they are included as part of a major remodeling or renovation that results in a structure substantially equivalent to new construction.

The implementation of Energy Improvements to existing commercial properties in the County will help the State and County reduce greenhouse gas emissions, and enable property owners to save money through reductions in water and energy usage. PACE financings under AB 811 mitigate two key barriers that prevent property owners from implementing a greater number of Energy Improvements: 1) it eliminates the need for property owners to finance up-front costs for Energy Improvements out of pocket, and 2) it establishes a loan obligation that is attached to the property and not to the individual borrower. The issuance of the Contractual Assessment Limited Obligation Improvement Bonds, Series 2013 C-1 Bonds (the "Bonds") on behalf of the International Brotherhood of 848 TCWH represents the first PACE financing completed under LACEP.

## **Implementation of Strategic Plan Goals**

This action supports the County's Strategic Plan Goal #1: Operational Effectiveness, and Strategic Plan Goal #3: Integrated Services Delivery, by providing a financing program to property owners in the County, which will serve to promote energy and water conservation, and the reduction of greenhouse gas emissions.

## **FISCAL IMPACT/FINANCING**

There is no fiscal impact to the County budget. Repayment of the Bonds secured by the PACE assessment contract is the sole responsibility of the Property Owner. However, given the significant costs of issuance for the initial PACE financings under LACEP, and the County's intention to establish a viable PACE financing program for commercial and industrial properties, the Internal Services Department (ISD) will allocate certain available grant funds to pay the costs of issuance on behalf of the Property Owner, which are currently estimated at \$50,000. The use of grant funds to finance costs of issuance on commercial PACE financings is designed to mitigate a significant barrier to participation, which is the high cost of legal fees for the initial commercial PACE transactions. The costs of issuance on future PACE financings are expected to be considerably lower as the legal documents become standardized for LACEP.

## **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

### Legal Authority

LACEP was established in accordance with the provisions of Chapter 29 of Part 3 of Division 7 of the Streets and Highways Code of the State of California (Act). Pursuant to the Improvement Bond Act of 1915 (the "1915 Bond Act") and Division 10 of the California Streets and Highways Code, local governments are authorized to issue bonds secured by the voluntary contractual assessments of property owners within their jurisdictions. In accordance with Section 5989.30 of the Act, as amended by AB 811, the levy and collection of assessments pursuant to Chapter 29 are valid under existing law and provide for the priority status of an AB 811 assessment lien. To facilitate the issuance of PACE bonds under LACEP, the County has relied upon the legal opinion of its bond counsel to confirm the validity of the PACE assessment and the priority status of contractual assessments liens.

On April 6, 2010, your Board adopted a Resolution of Intention to initiate the formation of a voluntary contractual assessment program in accordance with the provisions of AB 811. On May 25, 2010, a public hearing was held in which your Board approved the establishment and implementation of LACEP and authorized the issuance of PACE bonds to provide financing for Energy Improvements to participating property owners. Proceeds from the sale of the PACE Bonds will be used for the purpose of funding loans to property owners that have been approved for participation in LACEP.

### PACE Bond Financing

LACEP was established with the primary and initial objective to provide a PACE financing program for both residential and commercial property owners. As of July 6, 2010, however, the County's residential PACE program was put on hold after the Federal Housing Finance Agency (FHFA) issued a statement that certain PACE programs present significant safety and soundness concerns to the mortgage portfolios held by Fannie Mae, Freddie Mac and the Federal Home Loan Banks (collectively the "Federal Mortgage Agencies") due to the priority lien status of PACE assessment contracts. The FHFA statement directed the Federal Mortgage Agencies to take a number of steps to protect their mortgage portfolios that have had a significant adverse impact on residential PACE programs throughout the nation. The FHFA statement effectively advised the Federal Mortgage Agencies to avoid buying mortgages with PACE assessments and implied that more drastic actions, such as finding PACE homeowners in default under their mortgages, could be forthcoming. Since the Federal Mortgage Agencies dominate the secondary mortgage market, the FHFA action has largely prevented liens related to PACE assessment contracts from remaining with residential properties upon the sale or transfer to new owners, thus eliminating one of the primary benefits of residential PACE.

In response to the FHFA action, the County refocused LACEP toward establishing a commercial PACE program. The financing model for a commercial PACE program will be significantly different than the proposed model for the residential PACE program. In a commercial PACE financing transaction issued under LACEP, the County will utilize a private placement model in which the property owner will secure a private financing solution in the capital markets in accordance with the basic parameters of the 1915 Bond Act. The County will issue a single bond to the PACE investor, which will be secured by the annual revenues from the assessment contract between the County and the property owner. The proceeds from the sale of the bond to the PACE investor will be used to finance the Energy Improvements to the commercial property.

In the private placement model, the County is relying on the expertise of the financial markets to evaluate the creditworthiness of a property owner for participation in the commercial PACE program. However, the commercial property owner will be required to obtain lender consent if there is an existing mortgage lien on the property, and the County will agree to more restrictive foreclosure covenants. In the event that the property owner becomes delinquent on their annual property tax bill, the County will be required to immediately commence judicial foreclosure proceedings upon the request of the PACE investor. Furthermore, the final maturity of PACE bonds issued under LACEP will be limited to the estimated useful life of the Energy Improvements, which on average, is expected to be 15 - 20 years. Because the Energy Improvements would be installed on private property, LACEP does not currently have the ability to issue PACE bonds on a tax-exempt basis. The legal requirement to issue taxable bonds will significantly increase the interest cost to participating property owners. Neither the County's credit nor its credit ratings will in any way support or guarantee the repayment of PACE bonds issued in connection with LACEP.

#### International Brotherhood of 848 TCWH

Beginning in mid-2012, ISD has been utilizing California Public Utilities Commission Energy Efficiency Program funds to promote, educate and support the adoption of PACE financing for commercial building projects. To date, 33 commercial PACE project applications totaling approximately \$21 million have been received and are undergoing LACEP review.

The International Brotherhood of 848 TCWH (the "Property Owner") represents the first entity to participate in LACEP and to request your Board's approval of a PACE financing. The Property Owner for this project is the Wholesale Delivery Drivers, General Truck Drivers, Chauffeurs, Warehouse, Sales, Industrial and Allied Workers Union, Teamsters Local 848, a local non-profit located in the City of Long Beach. The Energy Improvements will include installation of a 34.5 KW solar panel system that will produce 65% of the needed electricity to run the building, which will save the Property Owner approximately \$6,300 per month; and installation of an energy efficient cool roof, which will reduce roof temperatures by an average of 20 degrees, resulting in additional savings in energy costs. The Property Owner intends to utilize incentives provided through the utility companies valued at approximately \$32,000 to partially offset the cost of the Energy Improvements.

The PACE investor for this transaction is Structured Finance Associates LLC ("SFA"), a California-based company focused on providing PACE financing for energy efficiency and renewable energy generation products on commercial and industrial properties. SFA has been actively involved in PACE financing programs in various counties in California, as well as similar programs in Connecticut and New Jersey. The interest rate established between SFA and the Property Owner for this PACE financing is 7.0% and the final maturity of the Bonds will be 20 years.

Hawkins Delafield & Wood, LLP will represent the County as bond counsel for this transaction and future commercial PACE financings. The Auditor-Controller will be the Fiscal Agent and the Treasurer and Tax Collector will serve as the initial Paying Agent for the Bonds. The Treasurer and Tax Collector is authorized to contract with a third-party to serve as Trustee and paying Agent for the Bonds and for future PACE financings.

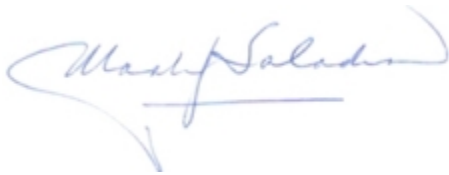
#### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

There will be no impact to current services or projects.

**CONCLUSION**

Upon approval of this Resolution, it is requested that the Executive Officer-Clerk of the Board of Supervisors return two originally executed copies of the adopted Resolution to the Treasurer and Tax Collector (Office of Public Finance).

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Mark J. Saladino", with a horizontal line underneath the name.

MARK J. SALADINO

Treasurer and Tax Collector

MJS:DB:JP:pab  
Pb/brdltr/commerci  
alPACE2013

Enclosures

c: Chief Executive Officer  
Internal Services Department  
County Counsel  
Auditor-Controller

**RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES AUTHORIZING THE EXECUTION AND DELIVERY BY THE COUNTY OF AN INDENTURE, AN ASSESSMENT CONTRACT AND A BOND PURCHASE AGREEMENT IN CONNECTION WITH THE ISSUANCE OF LOS ANGELES COUNTY ENERGY PROGRAM CONTRACTUAL ASSESSMENT LIMITED OBLIGATION IMPROVEMENT BONDS, SERIES 2013 C-1, APPROVING THE ISSUANCE OF SUCH BONDS IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$250,000 AND AUTHORIZING THE EXECUTION OF NECESSARY DOCUMENTS AND CERTIFICATES AND RELATED ACTIONS**

**WHEREAS**, Chapter 29 of Part 3 of Division 7 of the Streets and Highways Code of the State of California (the “Contractual Assessment Law”) authorizes counties to assist free and willing property owners in financing the installation of distributed generation renewable energy sources and energy and water efficiency improvements (the “Improvements”) that are permanently fixed to residential, commercial, industrial or other real property through a contractual assessment program; and

**WHEREAS**, the Board of Supervisors (the “Board of Supervisors”) of the County of Los Angeles (the “County”) established the Los Angeles County Energy Program (the “LACEP”) to finance the acquisition, construction and installation of the Improvements on properties in the County through the use of contractual assessments pursuant to the Contractual Assessment Law; and

**WHEREAS**, the City of Long Beach, an incorporated city located within the boundaries of the County (the “City”), has resolved to participate with the County in LACEP; and

**WHEREAS**, the International Brotherhood of 848 TCWH (the “Owner”) has applied for financing pursuant to LACEP to fund Improvements to certain real property owned by Owner and located in the City (the “Property”); and

**WHEREAS**, pursuant to LACEP, the County will enter into a contractual assessment agreement (the “Assessment Contract”) with Owner pursuant to which the County will assist in financing the acquisition, construction and installation of Improvements on the Property and levy contractual assessments (the “Assessment”) on the Property in the amounts set forth in the Assessment Contract; and

**WHEREAS**, the County desires to assist in the financing of the Improvements through the issuance of Los Angeles County Energy Program Contractual Assessment Limited Obligation Improvement Bonds, Series 2013 C-1 (the “Bonds”); and

**WHEREAS**, the Board of Supervisors previously authorized the issuance of Los Angeles County Energy Program Contractual Assessment Limited Obligation Improvement Bonds (the “Contractual Assessment Bonds”) under and pursuant to the Contractual Assessment Law, The Improvement Bond Act of 1915, being Division 10 of the Streets and Highways Code of the

State (the “1915 Act”) in the aggregate principal amount of not to exceed \$100 million for the purpose of funding qualified improvements under LACEP; and

**WHEREAS**, the Bonds will be the initial series of Contractual Assessment Bonds to be issued; and

**WHEREAS**, the Bonds will be issued pursuant to the Indenture (the “Indenture”), by and among the County, the Treasurer and Tax Collector of the County, as paying agent thereunder, and the Auditor-Controller of the County, as fiscal agent thereunder; and

**WHEREAS**, the County desires to provide for the negotiated sale of the Bonds to Structured Finance Associates, LLC pursuant to a Bond Purchase Agreement (the “Bond Purchase Agreement” and, together with the Assessment Contract and the Indenture, the “Financing Documents”), such negotiated sale being in the best interests of the County; and

**WHEREAS**, the County may elect to have the fiscal agent and paying agent duties set forth in the Financing Documents performed by trustee to be selected by the County, and if such trustee is selected the Financing Documents will be revised to reflect same; and

**WHEREAS**, the Board of Supervisors has been presented with the form of each Financing Document referred to herein relating to the actions contemplated hereby, and the Board of Supervisors has examined and approved each Financing Document and desires to authorize and direct the execution of such Financing Documents and the consummation of such actions; and

**WHEREAS**, all acts, conditions and things required by the Constitution and laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the actions authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the County is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such actions for the purpose, in the manner and upon the terms herein provided;

**NOW, THEREFORE, THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES, DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:**

**Section 1.** All of the recitals herein contained are true and correct and the Board of Supervisors so finds.

**Section 2.** The County hereby approves the issuance of the Bonds in an aggregate principal amount of not-to-exceed \$250,000 pursuant to the Act and the Indenture for the purpose of providing funds to finance the Improvements on the Property of the Owner in accordance with LACEP; provided, however, that the term of the Bonds shall not exceed 21 years from their date of issuance and the interest payable on Bonds shall not exceed 7.00% per annum; provided, further, that the Bonds or any portion thereof shall be subject to redemption in advance of their maturity on any interest payment date upon payment to the Purchaser of the principal and accrued interest to the date of redemption together with a redemption premium of not more than 5.00% and not less than 3.00% of the principal for the first five years of the term

of the Bonds, which redemption premium may be reduced to 0.00% after the first five years of the term of the Bonds.

**Section 3.** The form of the Indenture, submitted to and on file with the Executive Officer-Clerk of the Board of Supervisors, is hereby approved, and the Chairman of the Board of Supervisors, and such other member of the Board of Supervisors as the Chairman may designate, the County Treasurer, and such other officer or employee of the County as the County Treasurer may designate (collectively, the “Authorized Officers”), are each hereby authorized and directed, for and in the name and on behalf of the County, to execute and deliver the Indenture in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, including the appointment of a trustee to perform various fiscal agent and paying agent duties, and subject to the provisions set forth under Section 2 above, such approval to be conclusively evidenced by the execution and delivery thereof.

**Section 4.** The form of the Assessment Contract, submitted to and on file with the Executive Officer-Clerk of the Board of Supervisors, is hereby approved, and each of the Authorized Officers is hereby authorized and directed, for and in the name and on behalf of the County, to execute and deliver the Assessment Contract in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the disbursement amount thereunder shall not exceed the principal amount of Bonds issued, the term of the Assessment Contract shall not exceed 21 years from the date of the Assessment Contract and the interest on the unpaid assessments under the Assessment Contract shall not exceed 7.00% per annum.

**Section 5.** The form of Bond Purchase Agreement, submitted to and on file with the Executive Officer-Clerk of the Board of Supervisors, is hereby approved, and each of the Authorized Officers is hereby authorized and directed, for and in the name and on behalf of the County, to execute and deliver the Bond Purchase Agreement in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the sale price of the Bonds shall not be less than the principal amount of the Bonds.

**Section 6.** The Authorized Officers are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable in order to consummate the transactions herein authorized and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution.

**Section 7.** All actions heretofore taken by the officers, employees and agents of the County with respect to the transactions set forth above are hereby approved, confirmed and ratified.



**Section 8.** This Resolution shall take effect from and after its date of adoption by the Board of Supervisors.

The foregoing Resolution was on the 18<sup>th</sup> day of June, 2013, adopted by the Board of Supervisors of the County of Los Angeles and *ex officio* the governing body of all other special assessment and taxing districts, agencies and authorities for which the Board so acts.

SACHI A. HAMAI, Executive Officer-  
Clerk of the Board of Supervisors of the  
County of Los Angeles

By: Lachelle Ami Therman

Deputy

APPROVED AS TO FORM:

JOHN F. KRATTLI  
County Counsel

By: Cammy A. S. Pink

Principal Deputy County Counsel



**INDENTURE**

**Dated as of [As of Date]**

**by and among**

**COUNTY OF LOS ANGELES, CALIFORNIA,**

**TREASURER AND TAX COLLECTOR OF THE COUNTY OF LOS ANGELES  
as the Paying Agent**

**and**

**AUDITOR-CONTROLLER OF THE COUNTY OF LOS ANGELES  
as the Fiscal Agent**

**[\$250,000]**

**Los Angeles County Energy Program  
Contractual Assessment Limited Obligation Improvement Bonds, Series 2013 C-1**

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## INDENTURE

This INDENTURE (this “Indenture”), dated as of [As of Date], is executed by and among the County of Los Angeles (the “County”), a political subdivision of the State of California (the “State”), the Treasurer and Tax Collector of the County, as paying agent (the “Paying Agent”) on behalf of the owner of the herein described Bonds, and the Auditor-Controller of the County, as fiscal agent (the “Fiscal Agent”) on behalf of the owner of the herein described Bonds.

WHEREAS, Chapter 29 of Part 3 of Division 7 of the Streets and Highways Code of the State of California (the “Contractual Assessment Law”) authorizes counties to assist free and willing property owners in financing the installation of distributed generation renewable energy sources and energy and water efficiency improvements (the “Improvements”) that are permanently fixed to residential, commercial, industrial or other real property through a contractual assessment program; and

WHEREAS, the Board of Supervisors (the “Board of Supervisors”) of the County, previously approved a resolution (the “Resolution of Intention”) declaring its intention to order the implementation of a contractual assessment program to finance the acquisition, construction and installation of the Improvements pursuant to the Contractual Assessment Law; and

WHEREAS, following notice duly given and a hearing in accordance with applicable law, the Board of Supervisors approved a resolution which, among other things, authorized the establishment of the Los Angeles County Energy Program (the “LACEP”) to finance the acquisition, construction and installation of the Improvements on properties in the County through the use of contractual assessments pursuant to the Contractual Assessment Law; and

WHEREAS, the City of Long Beach, an incorporated city located within the boundaries of the County (the “City”), has resolved to participate with the County in LACEP; and

WHEREAS, the International Brotherhood of 848 TCWH (the “Property Owner”) has applied for financing pursuant to LACEP to fund Improvements to certain real property owned by the Property Owner and located in the City (the “Property”); and

WHEREAS, pursuant to LACEP, the County will enter into a contractual assessment agreement (the “Assessment Contract”) with the Property Owner pursuant to which the County will assist in financing the acquisition, construction and installation of Improvements on the Property and levy contractual assessments (each, an “Assessment”) on the Property in the amounts set forth in the Assessment Contract; and

WHEREAS, the County desires to assist in the financing of the Improvements through the issuance of Los Angeles County Energy Program Contractual Assessment Limited Obligation Improvement Bonds (the “County Contractual Assessment Bonds”) under and pursuant to the Contractual Assessment Law, The Improvement Bond Act of 1915, being Division 10 of the Streets and Highways Code of the State (the “1915 Act”); and

WHEREAS, the Board of Supervisors previously authorized the issuance of County Contractual Assessment Bonds in the aggregate principal amount of not to exceed \$100 million for the purpose of funding LACEP; and

WHEREAS, the herein referenced issuance of Bonds (herein defined) will be the initial series of Bonds to be issued to fund LACEP; and

WHEREAS, in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and secured, and to secure the payment of the principal thereof and premium, if any, and interest thereon, the parties hereto have authorized the execution and delivery of this Indenture; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Indenture do exist, have happened and have been performed in due time, form, and manner as required by law, and the parties hereto are duly authorized to execute and enter into this Indenture;

NOW, THEREFORE, in consideration of the covenants and provisions herein set forth and for other valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereto do hereby agree as follows:

## **ARTICLE I**

### **DEFINITIONS; RULES OF CONSTRUCTION; AUTHORIZATION AND PURPOSE OF BONDS**

Section 1.1. Definitions. Unless the context otherwise requires, the following terms shall have the following meanings for purposes of this Indenture:

“1913 Act” means The Municipal Improvement Act of 1913, being Division 12 of the Streets and Highways Code of the State.

“1915 Act” means The Improvement Bond Act of 1915, being Division 10 of the Streets and Highways Code of the State.

“Administrative Expenses” means (i) the ordinary and necessary costs of administering the levy and collection of the Assessments and all other administrative costs and incidental expenses related to the Bonds, including, but not limited to, any annual audit fees, Paying Agent fees, Fiscal Agent fees and such other costs as are paid or payable from amounts collected pursuant to Sections 8682, 8682.1 or 10312 of the California Streets and Highway Code and (ii) capitalized costs of establishing and administering LACEP.

“Annual Administrative Assessment” means the annual assessment levied against the properties of owners participating in LACEP to pay the ordinary and necessary costs incurred by the County in connection with the administration and collection of the Assessments, from the administration or registration of any associated bonds, including the Bonds, securities or other

financing arrangements, and from the administration of the Bond Reserve Fund or other related funds.

“Assessment Bond Reserve Account” means the account by that name established and held by the Fiscal Agent pursuant to Section 4.1 hereof.

“Assessment Bond Reserve Requirement” means, as of the date of any calculation, which calculation shall be made by the Fiscal Agent, an amount equal to the least of (a) \$\_\_\_\_\_, consisting of \$\_\_\_\_\_ from net Bond proceeds and \$\_\_\_\_\_ from available moneys of the City on deposit with the County, or (b) 10% of the original principal amount of the Bonds, less any amounts transferred to the Debt Service Fund when assessments are paid off following the issuance of the Bonds. The portion of the Assessment Bond Reserve Requirement funded from net Bond proceeds, if any, shall be calculated upon each payment or prepayment of an Assessment pursuant to Section 8881 and Section 8884 of the 1915 Act.

“Assessment Contract” means the agreement by and between the County and the Property Owner, as further described in Exhibit C hereto, pursuant to which the County agrees to provide financing to such property owner for the acquisition, construction and installation of Improvements to such owner’s properties.

“Assessment Installments” means the installments of principal, interest and premium, if any, to be paid on the unpaid Assessments pursuant to the Assessment Contract. The term “Assessment Installments” does not include the Annual Administrative Assessment.

“Assessment Payment Account” means the account by that name established and held by the Fiscal Agent pursuant to Section 4.1 hereof.

“Assessment Prepayment Account” means the account by that name established and held by the Fiscal Agent pursuant to Section 4.1 hereof.

“Assessment Revenues” means the revenues received by the County in each Fiscal Year from the collection of the annual Assessment Installments, including any interest and penalties thereon and the proceeds of the exercise of any of the remedies for delinquent payments available under the Assessment Contract or under the Contractual Assessment Law.

“Assessments” means the unpaid assessments levied by the County pursuant to the Contractual Assessment Law and the Assessment Contract constituting a first lien and charge upon certain real property or properties in the County.

“Auditor” means the Auditor-Controller of the County.

“Authorized Investment” means any legal investment of County funds.

“Authorized Representative of the County” means the Treasurer, the Auditor, the Program Administrator or any other person designated by such officers and authorized to act on behalf of the County under or with respect to this Indenture and all other agreements related hereto.



“Board of Supervisors” means the Board of Supervisors of the County.

“Bond Date” means the dated date of the Bonds, which shall be the Closing Date thereof.

“Bond Purchase Agreement” means the Bond Purchase Agreement, dated [Purchase Date], by and between the County and the Purchaser.

“Bond Reserve Fund” means the fund created and established pursuant to Section 4.1(c) hereof.

“Bondowner” when used with respect to any Bond, means the person in whose name the ownership of such Bond is registered on the Registration Books maintained by the Fiscal Agent.

“Bonds” means the County’s Los Angeles County Energy Program Contractual Assessment Limited Obligation Improvement Bonds, Series 2013 C-1.

“Business Day” means any day other than (i) a Saturday or a Sunday, (ii) a day on which banking institutions in the State or the Federal Reserve System are authorized or obligated by law or executive order to be closed, or (iii) a day on which the County offices are closed on account of an official holiday recognized by the County.

“City” means the City of Long Beach, an incorporated city located within the boundaries of the County.

“Closing Date” means the date of initial delivery of the Bonds.

“Contractual Assessment Law” means Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code, commencing with Section 5898.10, and all laws amendatory thereof or supplemental thereto.

“Costs of Issuance” means all of the costs of issuing the Bonds, including, but not limited to, all printing and document preparation expenses in connection with this Indenture, the Bonds and any and all other agreements, instruments, certificates or other documents issued in connection therewith; legal fees and expenses of counsel with respect to the issuance of the Bonds; fees and expenses of the financial advisor with respect to the issuance of the Bonds; underwriters’ fees; the initial fees and expenses of the Fiscal Agent and the Paying Agent, if any (including without limitation, origination fees and first annual fees payable in advance); and other fees and expenses incurred in connection with the issuance of the Bonds or the implementation of LACEP.

“Costs of Issuance Fund” means the fund created and established pursuant to Section 4.1 hereof.

“County” means the County of Los Angeles, a political subdivision of the State.

“County Contractual Assessment Bonds” means the Los Angeles County Energy Program Contractual Assessment Limited Obligation Improvement Bonds.

“County Bond Reserve Account” means the account by that name established and held by the Fiscal Agent pursuant to Section 4.1 hereof.

“Debt Service Fund” means the fund created and established pursuant to Section 4.1 hereof.

“DTC” means The Depository Trust Company in New York, New York.

“Event of Default” means any occurrence or event specified in and defined by Section 8.1 hereof.

“Federal Securities” means any of the following which at the time of investment are legal investments under the laws of the State of California for the funds proposed to be invested therein: (a) direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America); and (b) obligations of any agency, department or instrumentality of the United States of America the timely payment of principal of and interest on which are fully guaranteed by the United States of America.

“Fiscal Agent” means (i) the Auditor or his designated agent or (ii) any bank, trust company, national banking association or other financial institution appointed as fiscal agent for the Bonds in the manner provided in this Indenture.

“Fiscal Year” means any twelve-month period extending from July 1st in one calendar year to June 30th of the succeeding calendar year, both dates inclusive, or any other twelve-month period selected and designated by the County as its official fiscal year period.

“Improvement Fund” means the fund by that name established and held by the Fiscal Agent pursuant to Section 4.1 hereof.

“Improvements” means the qualifying distributed generation renewable energy sources and energy and water efficiency improvements acquired, constructed and/or installed on or in the Property under LACEP and the Assessment Contract.

“Indenture” means this Indenture, dated as of [As of Date], by and among the County, the Paying Agent and the Fiscal Agent, as amended or supplemented pursuant to the terms hereof.

“Independent Public Accountant” means any certified public accountant or firm of certified public accountants appointed and paid by the County who, or each of whom (i) is in fact independent and not under domination of the County; (ii) does not have any substantial interest, direct or indirect the County; and (iii) is not connected with the County as an officer or employee of the County but who may be regularly retained to make annual or other audits of the books of, or reports to, the County.

“Information Services” means Financial Information, Inc.’s “Daily Called Bond Services,” 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Moody’s Investors Service “Municipal and Government,” 99 Church Street, 8th Floor, New York, New York 10007, Attention: Municipal News Reports; Kenny S&P, “Notification Department,” 55 Water Street, 45th Floor, New York, New York 10041; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to the Bonds to be redeemed as the County may designate in a Written Request of the County filed with the Fiscal Agent.

“Interest Payment Date” means, with respect to any Bond, March 2 and September 2 in each year, beginning on March 2 in the year immediately succeeding the August deadline by which the Assessments of the applicable Assessment Contracts have been enrolled on the County tax roll, and continuing thereafter so long as any Bonds remain Outstanding.

“Investor Letter” means a letter in the form of Exhibit B to the Bond Purchase Agreement.

“LACEP” means the Los Angeles County Energy Program established pursuant to a Resolution of the Board of Supervisors entitled “A Resolution of the Board of Supervisors of the County of Los Angeles Making Certain Findings and Determinations in Connection with and Confirming the Report Regarding the Establishment of a Contractual Assessment Program to Finance Distributed Generation Renewable Energy Sources and Energy and Water Efficiency Improvements; Confirming Assessments to be Levied within the Parameters of the Report; and Taking Certain Other Actions” adopted on May 25, 2010 under the Contractual Assessment Law.

“Maturity Date” means the date specified in any Bond on which the principal of such Bond becomes due and payable.

“Outstanding” means, subject to the provisions of Section 9.6 hereof, all Bonds theretofore or thereupon being authenticated and delivered by the Paying Agent under this Indenture except:

- (1) Bonds theretofore canceled by the Paying Agent or surrendered to the Paying Agent for cancellation;
- (2) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Paying Agent pursuant to this Indenture;
- (3) From and after the date fixed for redemption, Bonds or portions thereof designated for redemption for which notice of redemption has been duly given and the amount necessary for redemption has been made available for that purpose; and
- (4) Bonds for the payment or redemption of which funds or eligible securities in the necessary amount shall have theretofore been deposited with the Fiscal Agent in accordance with Section 9.1 hereof (whether on or prior to the maturity or Redemption Date of such Bonds).

“Paying Agent” means the Treasurer and its designated agents, any third party contractor serving as Paying Agent, and their successors or assigns, acting in the capacity of registrar, paying agent and transfer agent. The Treasurer is authorized to contract with any third party to perform the services of Paying Agent under this Indenture.

“Principal Payment Date” means September 2 of each year, commencing September 2, 2014.

“Program Administrator” means the Director of the Internal Services Department of the County, pursuant to the Resolution of Intention, or any designee of such officer.

“Program Expense Fund” means the fund by that name and held by the County in connection with the Annual Administrative Assessment and other amounts received for payment of Administrative Expenses and administered pursuant to Section 4.8 hereof.

“Property” means that certain real property owned by the Property Owner on or in which the Improvements will be installed.

“Property Owner” means the International Brotherhood of 848 TCWH.

“Purchaser” means Structured Finance Associates, LLC.

“Qualified Institutional Buyer” shall have the meaning assigned to such term in the Bond Purchase Agreement.

“Record Date” means, with respect to any Interest Payment Date, the fifteenth day of the calendar month immediately preceding the applicable Interest Payment Date, whether or not such day is a Business Day.

“Redemption Date” means, with respect to any Bonds, the date on which such Bonds have been called for redemption pursuant to Section 3.1 or Section 3.2 of this Indenture prior to their Maturity Date.

“Redemption Notice” has the meaning provided in Section 3.6 hereof.

“Registration Books” means the records maintained by the Paying Agent pursuant to Section 2.9 hereof for the registration and transfer of ownership of the Bonds.

“Representation Letter” means the Blanket Letter of Representations delivered upon or prior to the issuance of the Bonds to DTC by the County.

“Resolution Establishing LACEP” means a Resolution of the Board of Supervisors entitled “A Resolution of the Board of Supervisors of the County of Los Angeles Making Certain Findings and Determinations in Connection with and Confirming the Report Regarding the Establishment of a Contractual Assessment Program to Finance Distributed Generation Renewable Energy Sources and Energy and Water Efficiency Improvements; Confirming Assessments to be Levied within the Parameters of the Report; and Taking Certain Other Actions” adopted on May 25, 2010.

“Resolution of Intention” means a Resolution of the Board of Supervisors entitled “Resolution of the Board of Supervisors of the County of Los Angeles Declaring its Intention to Order the Implementation of a Contractual Assessment Program to Finance the Installation of Distributed Generation Renewable Energy Sources and Energy and Water Efficiency Improvements” adopted on April 6, 2010.

“Revenues” shall mean the Assessment Installments and any foreclosure proceedings relating thereto, the proceeds of the sale of the Bonds, all amounts in the Debt Service Fund and the accounts thereunder and all interest, profits and other income received from the investment of such amounts, less the amounts deducted by the County and set-aside to pay the costs and expenses [up to a maximum of \$\_\_\_\_\_ in each Fiscal Year], incurred by the County in connection with the capitalized costs of establishing and administering LACEP.

“Securities Depository” means The Depository Trust Company, 55 Water Street, 50th Floor, New York, N.Y. 10041-0099 Attn. Call Notification Department, Fax (212) 855 7232, or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other securities depositories, or no such depositories, as the County may indicate in a Written Request of the County delivered to the Paying Agent.

“State” means the State of California.

“Supplemental Indenture” means any indenture adopted by the parties hereto amendatory of or supplemental to this Indenture.

“Treasurer” means the Treasurer and Tax Collector of the County.

“Written Request of the County” means a request in writing signed by an Authorized Representative of the County.

Section 1.2. Rules of Construction. All references in this Indenture to “Sections,” and other subdivisions, unless indicated otherwise, are to the corresponding Sections or subdivisions of this Indenture; and the words “herein,” “hereof,” “hereunder,” and other words of similar import refer to this Indenture as a whole and not to any particular Section or subdivision hereof.

Section 1.3. Authorization and Purpose of Bonds. The Board of Supervisors has reviewed all proceedings heretofore taken relative to the authorization of the Bonds and has found, as a result of such review, and hereby finds and determines that all things, conditions and acts required by law to exist, happen and be performed precedent to and in the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the County is now authorized, pursuant to each and every requirement of law, to issue the Bonds in the manner and form as in this Indenture provided. The Board of Supervisors hereby authorizes the issuance of the Bonds pursuant to the Contractual Assessment Law, the 1915 Act and this Indenture for the purpose of funding disbursements pursuant to the Assessment Contract to property owners for the cost of Improvements pursuant to LACEP.

## **ARTICLE II**

### **THE BONDS**

#### **Section 2.1. Authorization and Purpose of Bonds; Pledge; Limited Liability**

(a) The County is hereby authorized and directed to execute, and the Fiscal Agent is hereby authorized and directed upon written request of an Authorized Representative of the County to authenticate and deliver the Bonds. The Bonds may be issued in book-entry form or certificate form.

(b) The County hereby pledges and assigns to the Paying Agent and the Fiscal Agent, as applicable, in trust for the protection and security of the Bondowner, all of its right, title and interest in the Revenues. The Bonds shall be and are equally secured by a pledge of and lien upon the Revenues.

(c) The Bonds and interest thereon are not payable from the general funds of the County. Neither the credit of the County nor the taxing power of the County is pledged for the payment of the Bonds or the interest thereon, and, except as provided herein, no Bondowner of the Bonds may compel the exercise of any taxing power by the County or force the forfeiture of any of its property. The principal of, and premium (if any) and interest on the Bonds are not a debt of the County nor a legal or equitable pledge, charge, lien or encumbrance upon any of the property of the County, or upon any of their income, receipts or revenues, other than the Revenues.

**Section 2.2. Collection of Assessments.** (a) The Assessment Installments shall be payable as provided in the Assessment Contract and shall be payable in the same manner and at the same time and in the same installments as general taxes on real property are payable, and become delinquent at the same times and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do general taxes on real property. Nothing in this Indenture or in any Supplemental Indenture shall preclude the redemption prior to maturity of any Bonds or the payment of the Bonds from proceeds of refunding bonds issued under any law of the State.

(b) Except for the collection of the Assessment Installments and the observance and performance of the other conditions, covenants and terms contained herein or in the 1915 Act or the Contractual Assessment Law required to be observed or performed by it, the County shall not have any obligation or liability to the Bondowner with respect to this Indenture or the Bonds.

**Section 2.3. Issuance of Bonds; Description of Bonds.** (a) The Bonds shall be designated the "County of Los Angeles Los Angeles County Energy Program Contractual Assessment Limited Obligation Improvement Bonds, Series 2013 C-1". Bonds in the aggregate principal amount not to exceed \$[200,000] shall be issued for the purposes of funding disbursements of such amounts and any other moneys available therefor to the free and willing property owner named in the Assessment Contract to finance the Improvements pursuant to LACEP.

(b) The Bonds shall be issued only in fully registered form without coupons in the aggregate principal amount set forth in Section 2.3(a). The Bonds shall be dated as of their date of delivery and shall mature and be payable on September 2 in the years and in the principal amounts and shall bear interest as set forth below:

**Los Angeles County Energy Program  
Contractual Assessment Limited Obligation Improvements, Series 2013 C-1**

<b>Maturity Date (September 2)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>
2033	\$[200,000]	7.00%

The interest rate for the Bonds shall be calculated on the basis of a 360-day year of twelve 30-day months.

(c) If the Bonds are issued in book-entry form, the Bonds shall be initially registered in the name of "Cede & Co.," as nominee of DTC. If the Bonds are issued in certificate form, the Bonds shall be initially registered pursuant to Section 2.5 hereof. The Bonds shall be evidenced by a single fully registered bond in the aggregate principal amount of the Bonds.

Section 2.4. Medium and Payment. Principal of, and premium (if any) and interest on the Bonds shall be payable in lawful money of the United States of America. The principal of the Bonds shall be payable on the respective Maturity Date set forth in the applicable Bonds. Interest with respect to each Bond shall accrue from the respective Bond Date. Interest on any Bond shall be payable from the Interest Payment Date next preceding the date of authentication of that Bond, unless (i) such date of authentication is an Interest Payment Date, in which event interest shall be payable from such date of authentication, (ii) the date of authentication is after a Record Date but prior to the immediately succeeding Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (iii) the date of authentication is prior to the close of business on the first Record Date, in which event interest shall be payable from the Bond Date; provided, however, that if at the time of authentication of such Bond, interest is in default, interest on that Bond shall be payable from the last Interest Payment Date to which the interest has been paid or made available for payment.

Principal of and interest on any Bond shall be paid by check of the Paying Agent mailed on or before the Interest Payment Date by first class mail, postage prepaid, to the person whose name appears in the Registration Books as the Bondowner of such Bond as of the close of business on the Record Date, to the address that appears on the Registration Books, provided that the payment of principal of the Bonds on the final Maturity Date and the payment of the principal of the Bonds and any premium due upon the redemption thereof shall be payable upon

presentation and surrender thereof at maturity or earlier redemption at the office of the Paying Agent. In addition, upon a request in writing received by the Paying Agent on or before the applicable Record Date from an Bondowner of \$1,000,000 or more in principal amount of the Bonds payment shall be made on the Interest Payment Date by wire transfer in immediately available funds to an account designated by such Bondowner.

Each Bond shall bear interest until its principal sum has been paid; provided, however, that if at the Maturity Date of any Bond, or if at the Redemption Date of any Bond which has been duly called for redemption as herein provided, funds are available for the payment or redemption thereof in full accordance with the terms of this Indenture, the Bond shall then cease to bear interest.

Section 2.5. Form of Bonds and Certificate of Authentication and Registration. The Bonds shall be initially issued in the form of a fully registered bond registered in the name of the Purchaser. The form of the Bond, the form of the certificate of authentication and the form of registration thereon shall be substantially in the form attached hereto as Exhibit A and incorporated herein by this reference, with any necessary or appropriate variations, omissions and insertions as permitted or required hereunder. The Bonds may be printed, lithographed or typewritten and may contain such reference to any of the provisions of this Indenture as may be appropriate.

Section 2.6. Execution and Authentication. The Bonds shall be executed by the manual or facsimile signature of the Treasurer and attested by the manual or facsimile signature of the Executive Officer Clerk of the Board of Supervisors. In case any one or more of the officers who shall have signed the Bonds shall cease to be such officer before the Bonds so signed have been authenticated and delivered by the Paying Agent (including new Bonds delivered pursuant to the provisions hereof with reference to the transfer and exchange of Bonds or to lost, stolen, destroyed or mutilated Bonds), such Bonds may, nevertheless, be authenticated and delivered as herein provided, and may be issued as if the persons who signed such Bonds had not ceased to hold such offices.

The Bonds shall bear thereon a certificate of authentication and registration, in the form set forth in Exhibit A hereto, executed by the manual signature of the Paying Agent. Only such Bonds as shall bear thereon such certificate of authentication and registration shall be entitled to any right or benefit under this Indenture, and no Bond shall be valid or obligatory for any purpose until such certificate of authentication and registration shall have been duly executed by the Paying Agent.

Section 2.7. Registration of Transfer. The registration of any Bond may, in accordance with its terms and Section 2.15 hereof, be transferred upon the Registration Books by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond for cancellation at the office of the Paying Agent, accompanied by delivery of a written instrument of transfer in a form acceptable to the Paying Agent and duly executed by the Bondowner or his or her duly authorized attorney. The Paying Agent will not charge for any new Bond issued upon any transfer, but may require the Bondowner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer or exchange. Whenever any Bond shall be surrendered for registration of transfer or



exchange, the Paying Agent shall authenticate and deliver a new Bond or Bonds of the same maturity, for a like aggregate principal amount; provided that the Paying Agent shall not be required to register transfers during the 15 days immediately preceding any Interest Payment Date, and, of (i) Bonds for a period of 15 days next preceding the date of any selection of Bonds to be redeemed, or (ii) any Bonds chosen for redemption.

Section 2.8. Mutilated, Lost, Destroyed or Stolen Bonds. If any Bond shall become mutilated, the Treasurer, at the expense of the Bondowner of such Bond, shall execute, and the Paying Agent shall thereupon authenticate and deliver a new Bond of like tenor, date, maturity and aggregate principal amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Paying Agent of the Bond so mutilated. Every mutilated Bond so surrendered to the Paying Agent shall be cancelled and destroyed. If any Bond issued hereunder shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Paying Agent and, if such evidence is satisfactory to the Paying Agent and indemnity satisfactory to the Paying Agent shall be given, the Treasurer, at the expense of the Bondowner, shall execute, the Paying Agent shall thereupon authenticate and deliver, a new Bond of like tenor and maturity numbered and dated as the Paying Agent shall determine in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall have been called for redemption, instead of issuing a substitute Bond the Paying Agent may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Fiscal Agent). The Paying Agent may require payment of a reasonable fee for each new Bond issued under this Section 2.8 and of the expenses which may be incurred by the County and the Paying Agent. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to have been lost, destroyed or stolen shall be equally and proportionately entitled to the benefits hereof with all other Bonds secured hereby. The Paying Agent shall not treat both the original Bond and any replacement Bond as being Outstanding for the purpose of determining the principal amount of Bonds which may be executed, authenticated and delivered hereunder, but both the original and replacement Bond shall be treated as one and the same.

Section 2.9. Registration Books. The Paying Agent will keep or cause to be kept, at its principal office, sufficient books for the registration and transfer of the Bonds, and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as he or she may prescribe, register or transfer or cause to be registered or transferred, on the Registration Books, Bonds as herein provided.

The County and the Paying Agent may treat the Bondowner of any Bond whose name appears on the Registration Books as the absolute Bondowner of such Bond for any and all purposes, and the County and the Paying Agent shall not be affected by any notice to the contrary. The County and the Paying Agent may rely on the address of the Bondowner as it appears in the Registration Books for any and all purposes. It shall be the duty of each Bondowner to give written notice to the County and the Paying Agent of any change in such Bondowner's address so that the Registration Books may be revised accordingly.

Section 2.10. Special Provisions as to Bonds Issued In Book-Entry Form. The following provisions shall apply only if the Bonds are issued in book-entry form:

(a) Except as otherwise provided in subsections (b) and (c) of this Section 2.10, all of the Bonds initially executed and delivered hereunder shall be registered in the name of Cede & Co., as nominee for DTC, or such other nominee as DTC shall request pursuant to the Representation Letter. Payment of the principal of and interest on each Bonds registered in the name of Cede & Co. shall be made to the account, in the manner and at the address indicated in or pursuant to the Representation Letter delivered to DTC by the County.

(b) The Bonds executed and delivered pursuant to this Section 2.10 shall be in the form of a single authenticated fully registered bond for each maturity of Bond. The ownership of all such Bonds shall be registered in the registration books maintained by the Paying Agent pursuant to Section 2.9 in the name of Cede & Co., as nominee of DTC, or such other nominee as DTC may request. The Paying Agent and the County may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purposes of payment of the principal of and interest on such Bonds, selecting any Bonds or portions thereof to be prepaid, giving any notice permitted or required to be given to a Bondowner under this Indenture, registering the transfer of Bonds, obtaining any consent or other action to be taken by the Bondowner and for all other purposes whatsoever; and neither the Paying Agent nor the County shall be affected by any notice to the contrary. Neither the Paying Agent nor the County shall have any responsibility or obligation to any Participant (which shall mean, for purposes of this Section 2.10, securities brokers and dealers, banks, trust companies, clearing corporations and other entities, some of whom directly or indirectly own DTC), any person claiming a beneficial ownership interest in the Bonds under or through DTC or any Participant, or any other person which is not shown on the registration records as being a Bondowner, with respect to (i) the accuracy of any records maintained by DTC or any Participant; (ii) the payment by DTC or any Participant of any amount in respect of the principal or interest represented by such Bonds; (iii) any notice which is permitted or required to be given to the Bondowner under this Indenture; (iv) the selection by DTC or any Participant of any person to receive payment in the event, if any, of a partial prepayment of the Bonds; or (v) any consent given or other action taken by DTC as Bondowner. The Paying Agent shall pay all principal of and premium, if any, and interest on the Bonds only at the times, to the accounts, at the addresses and otherwise in accordance with the Representation Letter. Upon delivery by DTC to the Paying Agent of written notice to the effect that DTC has determined to substitute a new nominee in place of its then existing nominee, the Bonds will be transferable to such new nominee in accordance with subsection (f) of this Section 2.10.

(c) In the event that the County determines that it is in the best interests of the beneficial owners of the Bonds that they be able to obtain bonds, the Paying Agent shall, upon the written instruction of the County, so notify DTC, whereupon DTC shall notify the Participants of the availability through DTC of Bonds. In such event, the Bonds will be transferable in accordance with subsection (f) of this Section 2.10. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving written notice of such discontinuance to the County or the Paying Agent and discharging its responsibilities with respect thereto under applicable law. In such event, the Bonds will be transferable in accordance with subsection (f) of this Section 2.10. Whenever DTC requests the County, or the Paying Agent to do so, the Paying Agent and the County will cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of all Bonds evidencing the Bonds then Outstanding. In such event, the Bonds will be

transferable to such securities depository in accordance with subsection (f) of this Section 2.10, and thereafter, all reference in this Indenture to DTC or its nominee shall be deemed to refer to such successor securities depository and its nominee, as appropriate.

(d) Notwithstanding any other provision of this Indenture to the contrary, so long as all Bonds Outstanding are registered in the name of any nominee of DTC, all payments with respect to the principal and interest represented by each such Bond and all notices with respect to each such Bond shall be made and given, respectively, to DTC as provided in the Representation Letter.

(e) The County shall execute and deliver the Representation Letter and, in connection with any successor nominee for DTC and any successor depository, enter into comparable arrangements, and shall have the same rights with respect to its actions thereunder as it has with respect to its actions under this Indenture.

(f) In the event that any transfer or exchange of Bonds is authorized under subsection (b) or (c) of this Section 2.10, such transfer or exchange shall be accomplished upon receipt by the Paying Agent from the registered owner thereof of the Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee, all in accordance with the applicable provisions of Section 2.7. In the event Bonds are issued to holders other than Cede & Co., its successor as nominee for DTC as holder of all the Bonds, another securities depository as holder of all the Bonds, or the nominee of such successor securities depository, the provisions of Section 2.3, Section 2.9 and Article III shall also apply to, among other things, the registration, exchange and transfer of the Bonds and the method of payment of principal of, premium, if any, and interest on the Bonds.

Section 2.11. Validity of the Bonds. The validity of the authorization and issuance of the Bonds shall not be dependent upon the completion of the Improvements or upon the performance by any person of such person's obligation with respect to the Improvements.

Section 2.12. Refunding of Bonds. The Bonds may be refunded by the County at any time as permitted by applicable law including, but not limited to, the 1915 Act.

Section 2.13. Unclaimed Money. To the extent permitted by law, all money which the Paying Agent shall have received from any source and set aside for the purpose of paying or redeeming the Bonds shall be held for the respective Bondowners of such Bonds, but any money which shall be so set aside or deposited by the Paying Agent and which shall remain unclaimed by the Bondowner of such Bonds for a period of one year after the date on which any payment or redemption with respect to such Bonds shall have become due and payable shall be transferred to the County for use in connection with LACEP; provided, however, that the Paying Agent, before making such payment, shall cause notice of unclaimed money to be mailed to the Bondowner of such Bonds, by first class mail, postage prepaid. Thereafter, the Bondowner of such Bonds shall look only to the County for payment and then only to the extent of the amount so received without any interest thereon.

Section 2.14. Nonpresentment of Bonds. Except as otherwise provided in Section 2.13 hereof, in the event any Bonds shall not be presented for payment when the

principal or redemption price thereof becomes due, if funds sufficient to pay such Bonds shall be held by the Paying Agent for the benefit of the Bondowner thereof, all liability of the County to the Bondowner thereof shall forthwith cease and be completely discharged and thereupon it shall be the duty of the Paying Agent to hold such funds (subject to Section 2.13 hereof), without liability for interest thereon, for the benefit of the Bondowner of such Bonds, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on or with respect to such Bonds.

#### Section 2.15. Restrictions on Transfer of Bonds.

(a) The Bonds may, in accordance with its terms, be transferred, upon the Registration Books by the person in whose name it is registered, in person or by such person's duly authorized attorney, upon surrender of such Bonds for cancellation, accompanied by delivery of a duly written instrument of transfer in a form acceptable to the Fiscal Agent; provided, however, that, such Bonds shall be transferred in whole to a single purchaser that is a Qualified Institutional Buyer and such transferee delivers to the Fiscal Agent and the County an executed Investor Letter. The cost for any services rendered or any expenses incurred by the Fiscal Agent and the County in connection with any such transfer or exchange shall be paid by the transferor.

(b) The County may deem and treat the Bondowner of any Bonds as the absolute owner of such Bonds for the purpose of receiving payment thereof and for all other purposes, whether such Bonds shall be overdue or not, and the County shall not be affected by any notice or knowledge to the contrary; and payment of the interest on and principal of and redemption premium, if any, on such Bonds shall be made only to such Bondowner, which payments shall be valid and effectual to satisfy and discharge liability on such Bonds to the extent of the sum or sums so paid.

### ARTICLE III

#### REDEMPTION OF BONDS

Section 3.1. Mandatory Redemption of Bonds. The Bonds shall be redeemed prior to maturity, in whole or in part on any Interest Payment Date, pro rata among maturities and by lot within a maturity, from prepaid assessments on deposit and available for such purpose in the related Assessment Prepayment Account of the Debt Service Fund, to the extent of and in the manner set forth in Section 4.4(c) of this Indenture at the redemption price equal to the principal amount of the Bonds to be redeemed, together with a redemption premium determined in accordance with Section 3.2 hereof, plus accrued interest to the date of redemption.

Section 3.2. Optional Redemption of Bonds. [To be reviewed in connection with prepayment provisions to be negotiated. Minimum redemption premiums pursuant to the 1915 Act are reflected.] The Bonds maturing on September 2, 2033 are subject to redemption prior to maturity, in whole or in part on any Interest Payment Date, on and after September 2, 2014, pro rata among maturities and by lot within a maturity, from surplus monies on deposit and available for such purpose in the Debt Service Fund from sources other than those in the Assessment Prepayment Account, at the option of the County at the redemption price equal to

the principal amount thereof, together with a premium (expressed as a percentage of the principal amount of Bonds to be redeemed), plus accrued interest to the date of redemption as set forth in the following table:

<u>Redemption Dates</u>	<u>Redemption Premium</u>
Interest Payment Dates Through March 2, 2018	3.0%
September 2, 2019 and thereafter	0%

In the event that the County shall elect to redeem the Bonds as provided in this Section 3.2, the County shall give written notice to the Paying Agent of its election to so redeem the Bonds, the redemption date and the principal amount of the Bonds to be redeemed. Such notice shall be given at least [45] days but no more than [75] days prior to the redemption date.

Section 3.3. Mandatory Sinking Fund Redemption of Bonds. The Bonds maturing on September 2, 2033 (the “Term Bonds”) are also subject to mandatory sinking fund redemption in part, by lot, on such September 2 from mandatory sinking fund payments deposited into the Debt Service Fund, at a redemption price equal to the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium:

<u>Year</u> <u>(September 2)</u>	<u>Principal Amount</u>
2014	\$
2015	
2016	
2017	
2018	
2019	
2020	
2021	
2022	
2023	
2024	
2025	
2026	
2027	
2028	
2029	
2030	
2031	
2032	
2033*	

\* Maturity.

If some but not all of the Term Bonds maturing on September 2, 2033 are redeemed pursuant to Section 3.1 or Section 3.2 hereof, the principal amount of Term Bonds

maturing on September 2, 2033 to be subsequently redeemed pursuant to this subsection shall be reduced by the aggregate principal amount of the Term Bonds maturing on September 2, 2033 so redeemed pursuant to Section 3.1 or Section 3.2 hereof, such reduction to be allocated among redemption dates in amounts of \$5,000 or integral multiples thereof, as designated by the County in a written certificate of the County filed with the Fiscal Agent.

In lieu of having the Fiscal Agent deposit cash with the Paying Agent as a mandatory sinking fund payment, the County shall have the option to tender to the Paying Agent for cancellation any amount of Bonds purchased by the County, which Bonds may be purchased by the County at public or private sale as and when and at such prices as the County may in its discretion determine. The principal amount of any Bonds so purchased by the County and tendered to the Paying Agent in any twelve-month period ending on July 1 in any calendar year shall be credited towards and shall reduce the next mandatory sinking fund payments required to be made in the order in which they are required to be made pursuant to this Section 3.3.

Section 3.4. Selection of Bonds for Redemption. Whenever provision is made in this Indenture for the redemption of less than all of the Bonds, the Fiscal Agent shall select the Bonds to be redeemed from all Bonds not previously called for redemption, by lot in any manner which the Fiscal Agent in its sole discretion shall deem appropriate and fair, subject to compliance with Section 8768 of the Streets and Highways Code as specified in a written certificate of the County. For purposes of such selection, all Bonds shall be deemed to be comprised of separate \$5,000 denominations and such separate denominations shall be treated as separate Bonds which may be separately redeemed.

Section 3.5. Partial Redemption of Bonds. Upon surrender of any Bond to be redeemed in part only, the Paying Agent shall authenticate and deliver to the Bondowner a new Bond of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bond surrendered, with the same interest rate and the same maturity. Such partial redemption shall be valid upon payment of the amount required to be paid to such Bondowner, and the County shall be released and discharged thereupon from all liability to the extent of such payment.

Section 3.6. Notice of Redemption. The Paying Agent on behalf and at the expense of the County shall mail (by first class mail) notice of any redemption to the respective Bondowners of any Bonds designated for redemption at the address appearing on the Registration Books, at least 30 days (or other shorter period upon the consent of the Bondowner of any Bonds designed for redemption) but not more than sixty 60 days prior to the date fixed for redemption. Such notice shall state the date of the notice, the redemption date, the redemption place and the Redemption Price and shall designate the CUSIP numbers (if any) of the Bonds to be redeemed, the Bond numbers and the maturity or maturities (except in the event of redemption of all of the Bonds of such maturity or maturities in whole) of the Bonds to be redeemed, and shall require that such Bonds be then surrendered at the office of the Paying Agent for redemption at the Redemption Price, giving notice also that further interest on such Bonds will not accrue from and after the date fixed for redemption and with regard to optional redemption in the event that funds required to pay the redemption price are not on deposit under the Indenture at the time the notice of redemption is sent, a statement to the effect that the redemption is conditioned upon the receipt of the appropriate funds required to pay the

redemption price by the Paying Agent on or prior to the redemption date. Neither the failure to receive any notice so mailed, nor any defect in such notice, shall affect the sufficiency of the proceedings for the redemption of the Bonds or the cessation of accrual of interest thereon from and after the date fixed for redemption. The County has the right to rescind any optional redemption from prepayments of unpaid assessments by written notice to the Paying Agent on or prior to the date fixed for redemption. Any notice of redemption shall be canceled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default hereunder. The Paying Agent shall mail notice of rescission of redemption in the same manner notice of redemption was originally provided.

If the Bonds are issued in book-entry form, notice shall also be provided to the Securities Depositories and the Information Services.

Section 3.7. Effect of Notice and Availability of Redemption Price. Notice of redemption having been duly given as aforesaid, and the amount necessary for the redemption having been made available for that purpose and being available therefor on the date fixed for such redemption: (1) the Bonds, or portions thereof, designated for redemption shall, on the date fixed for redemption, become due and payable at the redemption price thereof as provided in this Indenture, anything in this Indenture or in the Bonds to the contrary notwithstanding; (2) upon presentation and surrender thereof at the office of the Paying Agent, such Bonds shall be redeemed at the redemption price; (3) from and after the Redemption Date, the Bonds or portions thereof so designated for redemption shall be deemed to be no longer Outstanding and such Bonds or portions thereof shall cease to accrue interest; and (4) from and after the date fixed for redemption no Bondowner of the Bonds or portions thereof so designated for redemption shall be entitled to any of the benefits of this Indenture or to any other rights, except with respect to payment of the redemption price and interest accrued to the Redemption Date from the amounts so made available.

## **ARTICLE IV**

### **FUNDS AND ACCOUNTS**

Section 4.1. Establishment of Funds and Accounts. The following funds and accounts are hereby created and established and shall be maintained by the Fiscal Agent for the administration and control of the proceeds of the Bonds, the Revenues and any related moneys:

(a) Los Angeles County Energy Program Contractual Assessment Limited Obligation Improvement Bonds, Series 2013 C-1, Improvement Fund (the "Improvement Fund");

(b) Los Angeles County Energy Program Contractual Assessment Limited Obligation Improvement Bonds, Series 2013 C-1, Debt Service Fund (the "Debt Service Fund"), within which there shall be established (A) the Assessment Payment Account (the "Assessment Payment Account"); and (B) the Assessment Prepayment Account (the "Assessment Prepayment Account");

(c) Los Angeles County Energy Program Contractual Assessment Limited Obligation Improvement Bonds, Series 2013 C-1, Reserve Fund (the “Bond Reserve Fund”), within which there shall be established (A) the Assessment Bond Reserve Account (the “Assessment Bond Reserve Account”) and (B) the County Bond Reserve Account (the “County Bond Reserve Account”); and

(d) Los Angeles County Energy Program Contractual Assessment Limited Obligation Improvement Bonds, Series 2013 C-1, Costs of Issuance Fund (the “Costs of Issuance Fund”).

The funds and accounts established herein may be subdivided into accounts and sub-accounts, as applicable, to perform the necessary rebate calculations or to administer the funds as provided in this Indenture.

Section 4.2. Application of Proceeds of the Bonds. On the Closing Date for the Bonds, the proceeds of the sale of the Bonds in the amount of \$\_\_\_\_\_ and available moneys of the City on deposit with the County in the amount of \$\_\_\_\_\_ shall be paid to the Fiscal Agent and transferred or deposited by the Fiscal Agent as follows:

(a) \$\_\_\_\_\_ in the Improvement Fund;

(b) \$\_\_\_\_\_ in the Bond Reserve Fund, constituting the full amount of the Assessment Bond Reserve Requirement, consisting of \$\_\_\_\_\_ in the Assessment Bond Reserve Account from net Bond proceeds and \$\_\_\_\_\_ in the County Bond Reserve Account from available moneys of the City on deposit with the County; and

(c) \$\_\_\_\_\_ in the Costs of Issuance Fund.

Section 4.3. Improvement Fund. The Fiscal Agent hereby agrees to maintain the Improvement Fund, into which shall be deposited the balance of the proceeds of sale of the Bonds pursuant to Section 2.3. Moneys in the Improvement Fund shall be disbursed by the Fiscal Agent as provided in a written request of the County provided to the Fiscal Agent.

Section 4.4. Debt Service Fund and Accounts. (a) The Fiscal Agent hereby agrees to maintain the Debt Service Fund (the “Debt Service Fund”) and the accounts therein until all payments of principal of and premium (if any) and interest on the Bonds have been made and all of the Bonds have been paid or redeemed. The Fiscal Agent shall establish within the Debt Service Fund an Assessment Payment Account and an Assessment Prepayment Account. All sums received by the County pursuant to the Assessment Contract, including any redemption period interest and penalties thereon and the proceeds of the exercise of any of the remedies for delinquent payments available hereunder or under the 1913 Act or the 1915 Act, shall be deposited and held in the Assessment Payment Account of the Debt Service Fund.

(b) The Paying Agent shall make payments of interest and principal, respectively, due and payable with respect to Bonds from monies which shall be transferred to it by the Fiscal Agent on or before such date from the Assessment Payment Account of the Debt Service Fund on each Interest Payment Date and each Principal Payment Date. In the event of any deficiency in the Assessment Payment Account for payment of principal of and interest on



the Bonds, the Fiscal Agent shall, to the extent available, transfer amounts from the County Bond Reserve Account or the Assessment Bond Reserve Account, as applicable, of the Bond Reserve Fund to the Assessment Payment Account or directly to the Paying Agent in accordance with Section 4.7 hereof for application first to the payment of interest on the Bonds, and then to the payment of principal due on such Bonds and then to the payment of principal due on such Bonds or any portion thereof called for redemption pursuant to Section 3.2 hereof.

On each September 2 beginning on the first Principal Payment Date, all monies in the Assessment Payment Account in excess of the amount necessary to make the payments of principal of and interest on the Bonds then due or overdue and payable on such date (assuming the Bondowner entitled to payment on or before such date take or have taken any and all actions necessary on their part to receive amounts due them) shall be applied as follows:

(i) first, if any excess monies were derived from a transfer from the County Bond Reserve Account, such monies shall be transferred to the County Bond Reserve Account;

(ii) second, the remaining moneys shall be transferred to the Program Expense Fund (in which case such moneys shall be released from the pledge and lien hereunder), unless the Treasurer determines in his sole discretion that amounts then on deposit in the Program Expense Fund are sufficient to pay anticipated costs and expenses to be incurred by the County in connection with administration of LACEP for the next 12 months and anticipated costs and expenses to be incurred by the County, Paying Agent and the Fiscal Agent in connection with the Bonds for the next twelve (12) months, in which event the Treasurer may, but is not required to, apply such excess monies in accordance with paragraphs (iii) and (iv) below;

(iii) third, the remaining moneys shall be transferred to the Assessment Bond Reserve Account to the extent of any deficiency therein, for application in accordance with Section 4.7 hereof; and

(iv) fourth, any remaining moneys shall be transferred to the Assessment Prepayment Account of the Debt Service Fund for application to the redemption of the Bonds pursuant to Section 3.2 hereof.

(c) Amounts received from, or on behalf of, the Property Owner as prepayment under the Assessment Contract shall be deposited by the Fiscal Agent in the Assessment Prepayment Account of the Debt Service Fund for application pursuant to Section 4.5(b) hereof. The Fiscal Agent shall deposit in the Assessment Prepayment Account amounts transferred to such account from the Bond Reserve Fund pursuant to Section 4.7 below. Amounts in the Assessment Prepayment Account shall be used to pay the principal of and redemption premium on Bonds the maturities of which shall have been advanced pursuant to Parts 11 or 11.1 of the 1915 Act, codified as Sections 8750 et seq. and 8760 et seq. of the California Streets and Highways Code. The Paying Agent, at the direction of the Treasurer if the Paying Agent is not the Treasurer, shall advance the maturity of and call Bonds for redemption pursuant to this Indenture and the 1915 Act whenever and to the extent surplus monies are on deposit in the Assessment Prepayment Account sufficient to pay the principal of Bonds in integral \$5,000 amounts plus the redemption premium thereon. On or after each Redemption Date, or prior thereto with the consent of the Treasurer, upon presentation and surrender thereof,

the Paying Agent shall pay the principal of and redemption premium on each Bond the maturity of which has been so advanced from the Assessment Prepayment Account. Interest accrued on each such Bond to the earlier of the payment date or Redemption Date shall be paid from monies transferred to the Paying Agent on or before such date by the Fiscal Agent from the Assessment Payment Account of the Debt Service Fund.

(d) If there is a surplus remaining in any account in the Debt Service Fund after payment of all Bonds and the interest thereon, plus applicable redemption premium (if any), that surplus shall be released from the pledge and lien hereof and transferred to the County to be used for the benefit of the LACEP.

Section 4.5. Assessment Prepayments. (a) The Bonds shall be prepaid to the extent the Property Owner may prepay the Assessment of the Assessment Contract.

(b) Upon prepayment of an Assessment pursuant to subsection (a) above, the Fiscal Agent shall deposit such payment in the Debt Service Fund for payment to Bondowners in accordance with Section 3.1. If notice of redemption is given in accordance with Section 3.6 hereof, the Bonds to be redeemed shall become due and payable as set forth in Section 3.7 hereof.

Section 4.6. Costs of Issuance Fund. The Fiscal Agent hereby agrees to maintain the Costs of Issuance Fund. The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Fiscal Agent from time to time to pay the Costs of Issuance upon submission of a Disbursement Request of the County, substantially in the form of Exhibit B hereto, stating (a) the Person to whom payment is to be made, (b) the amount to be paid, (c) the purpose for which the obligation was incurred, (d) that such payment is a proper charge against the applicable account of the Costs of Issuance Fund, and (e) that such amounts have not been the subject of a prior disbursement from the Costs of Issuance Fund; in each case together with a statement or invoice for each amount requested thereunder. On or before 180 days following the issuance of the Bonds, the Fiscal Agent shall transfer all amounts (if any) remaining in the Costs of Issuance Fund to the Debt Service Fund.

Section 4.7. Bond Reserve Fund. (a) The Fiscal Agent hereby agrees to maintain and hold in trust a special fund designated the "Bond Reserve Fund" until all payments of principal of and premium (if any) and interest on the Bonds have been made and all Bonds have been paid or redeemed. The Fiscal Agent shall establish within the Bond Reserve Fund an Assessment Bond Reserve Account and a County Bond Reserve Account. At the time of issuance of the Bonds, there shall be deposited in the Bond Reserve Fund an amount that will, together with amounts on deposit in the Bond Reserve Fund, equal the Assessment Bond Reserve Requirement. There shall be maintained in the Bond Reserve Fund an amount equal to the Assessment Bond Reserve Requirement. Additional deposits shall be made as provided in the 1915 Act and this Indenture.

The County shall cause the Assessment Bond Reserve Account to be administered in accordance with Part 16 of the 1915 Act; provided that proceeds from redemption or sale of the Property, with respect to which payment of delinquent Assessments and interest thereon was

made from the Assessment Bond Reserve Account, shall be credited to the Assessment Bond Reserve Account.

(b) Moneys in the Bond Reserve Fund shall be used solely for the purpose of paying the principal of and interest on the Bonds as follows:

(i) In the event that the moneys in the Debt Service Fund are insufficient to pay the principal of and interest on the Bonds, the Fiscal Agent shall withdraw from the County Bond Reserve Account and deposit in the Debt Service Fund moneys necessary for such purpose. In the event that moneys in the County Bond Reserve Account, together with amounts in the Debt Service Fund, are insufficient to pay the principal of and interest on the Bonds, the Fiscal Agent shall withdraw from the Assessment Bond Reserve Account and deposit in the Debt Service Fund moneys necessary for such purpose.

(ii) In the event of prepayment of assessments and the proportional reduction in assessments as a result of such prepayment in accordance with Section 881 of the 1915 Act, the Fiscal Agent shall withdraw from the Assessment Bond Reserve Account and deposit in the Debt Service Fund an amount which shall equal the ratio of the total amount initially provided for the Assessment Bond Reserve Account to the total amount originally assessed in the proceedings for the Bonds, said ratio multiplied by the amount of the principal portion of prepayment.

(c) On each September 2, the Fiscal Agent shall transfer to the Assessment Bond Reserve Account and County Bond Reserve Account any excess amounts in the Assessment Payment Account of the Debt Service Fund pursuant to the second paragraph of Section 4.4(b). On each September 2 the Fiscal Agent shall, after making any transfer called for by the preceding sentence, determine whether amounts then on deposit in the Bond Reserve Fund are less than, equal to or exceed the Assessment Bond Reserve Requirement. Any such excess in the Assessment Bond Reserve Account shall, to the extent permitted by law, be applied by the Fiscal Agent as follows:

(i) First, to the Assessment Payment Account of the Debt Service Fund to be applied to the payment of principal or interest due on the Bonds; and

(ii) Second, to the Assessment Prepayment Account of the Debt Service Fund for application to the redemption of Bonds pursuant to Section 3.2 hereof.

(d) Whenever, after the issuance of the Bonds, an Assessment is prepaid, in whole or in part, as provided in the 1915 Act, the Fiscal Agent, pursuant to a Written Request of the County, shall transfer from the Assessment Bond Reserve Account to the Debt Service Fund an amount, specified in such Written Request, equal to the amount calculated in accordance with Subsection (b)(ii) above; provided, however, no such transfer shall be made if after the transfer the amounts in the Bond Reserve Fund then remaining will not equal the Assessment Bond Reserve Requirement. The Fiscal Agent may conclusively rely upon the County's determination that the remaining funds equal the Assessment Bond Reserve Requirement.

(e) So long as no Event of Default shall have occurred and be continuing any amount in the Assessment Bond Reserve Account in excess of the Assessment Bond Reserve

Requirement (taking into account any amount in the County Bond Reserve Account) on December 15 and June 15 of each year shall be withdrawn from the Assessment Bond Reserve Account by the Fiscal Agent and shall be deposited in the Debt Service Fund.

(f) Whenever the balance in the Assessment Bond Reserve Account is sufficient to retire all remaining outstanding Bonds, whether by advance retirement or otherwise, collection of the principal and interest on the Assessments shall be discontinued and the Assessment Bond Reserve Account shall be liquidated in retirement of the Bonds. In the event that the balance in the Assessment Bond Reserve Account at the time of liquidation exceeds the amount required to retire all outstanding Bonds, the excess shall, after payment of amounts due to the Fiscal Agent, be transferred to the County to be used in accordance with the 1915 Act.

(g) If amounts in the Debt Service Fund in the year in which the last Assessments become due and payable, together with amounts in the Assessment Bond Reserve Account, are sufficient to retire all the Outstanding Bonds, the Bond Reserve Fund will be liquidated by the Fiscal Agent, as directed by a Written Request of the County. The amount on deposit in the County Bond Reserve Account at liquidation will be transferred to the County for use in connection with other LACEP financings for property owners within the jurisdiction of the City. The amount on deposit in the Assessment Bond Reserve Account at liquidation will be transferred to the Debt Service Fund to be applied to the retirement of the Bonds.

(h) All or a portion of the Assessment Bond Reserve Requirement may be satisfied by the provision of one or more policies of municipal bond insurance or surety bonds issued by a municipal bond insurer or by a letter of credit issued by a bank, the obligations insured by which insurer or issued by which bank, as the case may be, having ratings at the time of issuance of such policy or surety bond or letter of credit equal to "AA" or higher assigned by Fitch or "Aa" or higher assigned by Moody's or "AA" or higher assigned by Standard & Poor's.

Section 4.8. Program Expense Fund. There has been heretofore established a fund called the Program Expense Fund and held by the County. There will be deposited in the Program Expense Fund (i) the amounts received by the Treasurer with respect to each parcel in each Fiscal Year in satisfaction of the Annual Administrative Assessment pursuant to the Assessment Contract and (ii) the amounts, exclusive of Revenues, deducted from Assessments and set-aside to pay the costs and expenses [up to a maximum of \$\_\_\_\_\_ in each Fiscal Year], incurred by the County in connection with the capitalized costs of establishing and administering LACEP. Amounts on deposit in the Program Expense Fund shall be used by the County to pay for ordinary and necessary costs of administering the levy and collection of the Assessments and all other administrative costs and incidental expenses related to the Bonds, as well as the capitalized costs of establishing and administering LACEP. On each June 30, amounts in excess of the Annual Administrative Assessments expected to be incurred through the next succeeding September 2 may be applied as a credit upon the assessment levied for the upcoming fiscal year for Annual Administrative Assessments. Any surplus remaining in the Program Expense Fund after payment or provision for payment of all Administrative Expenses and other costs in connection with establishing and administering LACEP incurred or expected to be incurred through and including activities relating to the payment in full of the Bonds may be transferred to the County for the benefit of LACEP.

Section 4.9. Investments. (a) All moneys in any of the funds or accounts established pursuant to this Indenture shall be invested by the Fiscal Agent solely in Authorized Investments. Obligations purchased as an investment of moneys in any fund or account shall be deemed to be part of such fund or account. Moneys in the Debt Service Fund and the accounts therein shall be invested only in obligations which will by their terms mature on such dates as to ensure the timely payment of principal and interest on the corresponding Bonds as the same become due.

(b) All interest or gain derived from the investment of amounts in any of the funds or accounts hereunder shall be deposited in the fund or account from which such investment was made. The Fiscal Agent shall incur no liability for losses arising from any investments made pursuant to this Section.

(c) For the purpose of determining the amount in any fund or account hereunder, the value of investments credited to such fund or account shall be calculated at the cost thereof, excluding accrued interest and brokerage commissions, if any.

(d) The Fiscal Agent shall sell at the best price obtainable or present for redemption any obligations so purchased whenever it may be necessary to do so in order to provide moneys to meet any payment or transfer for such funds and accounts or from such funds and accounts. For the purpose of determining at any given time the balance in any fund or account, any such investments constituting a part of such fund and account shall be valued at their amortized cost.

## **ARTICLE V**

### **COVENANTS**

So long as the Bonds issued hereunder are outstanding, the County makes the following covenants with the Bondowner (to be performed by the County or its proper officers, agents or employees), which covenants are necessary, convenient and desirable to secure the Bonds; provided, however, that said covenants do not require the County to expend any funds other than the Revenues.

Section 5.1. Compliance with Indenture. The County will faithfully observe and perform all of the conditions, covenants and requirements of this Indenture required to be observed or performed by it.

Section 5.2. General. The County shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the County under the provisions of this Indenture. The County warrants that upon the date of execution and delivery of the Bonds, all conditions, acts and things required by law and this Indenture to exist, to have happened and to have been performed precedent to and in the execution and delivery of such Bonds do exist, have happened and have been performed and the execution and delivery of the Bonds shall comply in all respects with the applicable laws of the State.

Section 5.3. Punctual Payment. The County shall punctually pay or cause to be paid the principal, premium (if any) and interest to become due in respect of all the Bonds, in

strict conformity with the terms of the Bonds and of this Indenture, according to the true intent and meaning thereof, but only out of Revenues and other moneys pledged for such payment as provided in this Indenture and received by the County or the Fiscal Agent hereunder.

Section 5.4. Extension of Payment of Bonds. The County shall not directly or indirectly extend the maturity dates of the Bonds or the time of payment of interest with respect thereto. Nothing herein shall be deemed to limit the right of the County to issue any securities for the purpose of providing funds for the redemption of the Bonds and such issuance shall not be deemed to constitute an extension of the maturity of the Bonds.

Section 5.5. Protection of Rights. The County will preserve and protect the security of the Bonds and the rights of the Bondowner against all claims and demands of all persons, and will faithfully perform and abide by all of the covenants, undertakings and provisions contained in this Indenture or in any Bond issued pursuant to this Indenture and will contest by court action or otherwise (a) the assertion by any officer of any government unit or any other person whatsoever against the County that (i) the 1915 Act or the Contractual Assessment Law is unconstitutional, (ii) the Assessments are invalid, or (iii) the Assessments cannot be applied by the County to pay debt service on the Bonds, or (b) any other action affecting the validity of the Bonds or diluting the security therefor.

Section 5.6. Against Encumbrances. The County will not encumber, pledge or place any charge or lien upon any of the Revenues or other amounts pledged to the Bonds superior to or on a parity with the pledge and lien herein created for the benefit of the Bonds, except as permitted by this Indenture.

Section 5.7. Deferral of Assessments. The County will refrain from directly or indirectly extending or deferring the payment of any Assessment Installment.

Section 5.8. Accounting Records and Statements. The County will keep or cause to be kept proper accounting records in which complete and correct entries shall be made of all transactions relating to the receipt, deposit and disbursement of the Assessment Installments, and such accounting records shall be available for inspection upon five (5) business days' written notice by any Bondowner or such Bondowner's agent duly authorized in writing at reasonable hours and under reasonable conditions.

Section 5.9. Covenant to Foreclose. (a) The County will initiate procedures to determine or cause to be determined if any Assessment was not paid when due during the fiscal year ended the prior June 30. If any such assessment was not paid and if the balance in the Bond Reserve Fund is less than the Assessment Bond Reserve Requirement, the County shall, upon the written request of the Bondowner pursuant to Section 8.2(b) hereof, send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the property owner, and if the delinquency remains uncured within 90 days of such notice, order and cause to be commenced, and thereafter prosecute to completion pursuant to Section 8830 et seq. of the California Streets and Highways Code, judicial foreclosure proceedings upon the lien of delinquent unpaid assessments as necessary or desirable to result in assessment revenues sufficient to pay any delinquent principal of or interest on the Bonds and satisfy the Assessment Bond Reserve Requirement. Upon the redemption or sale of the real property responsible for

such delinquent Assessment Installments, or resale as provided below, the County shall deposit to the Bond Reserve Fund, the amount of any delinquency advanced therefrom to the Debt Service Fund for payment of interest on or principal of Bonds.

(b) In the event that real property with an Assessment is neither redeemed by the owner thereof nor sold to a third party purchaser at such foreclosure sale, the County may, but shall not be obligated to, cause a credit bid on behalf of and in the name of the County to be entered in the amount due the County and shall cause a sheriff's deed for said real property to be executed in the name of the County. The proceeds from any resale of such real property on which there is an Assessment shall be applied in the following order: (i) to make any past due payments of principal of or interest on the Bonds, (ii) to restore the Bond Reserve Fund to the Assessment Bond Reserve Requirement, (iii) to the payment of any continuing costs of the Bonds, and (iv) for the redemption of Bonds pursuant to Section 3.2 hereof with credit for such redemption credited pro rata against all Assessments.

(c) In the event that the Treasurer and the County make the determinations described in the Sections 8770-8772 of the 1915 Act in connection with the prospects of an ultimate loss accruing to the bondholders, the County, the Treasurer and the Fiscal Agent shall take the actions required by Sections 8770-8784 of said Act and Bondowners of Bonds shall be deemed to have consented to do such things as are required by such Sections of Bondowners of Bonds.

Section 5.10. Further Assurances. The County will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of its duties under this Indenture, and for the better assuring and confirming unto the Bondowner of the Bonds the rights and benefits provided in this Indenture.

## **ARTICLE VI**

### **PAYING AGENT AND FISCAL AGENT**

Section 6.1. Paying Agent and Fiscal Agent. The County hereby appoints the Treasurer of the County, or his designated agents, as the Paying Agent and the Auditor, or his designated agents, as the Fiscal Agent for the Bonds.

The Paying Agent is hereby authorized to and shall mail interest payments to the Bondowner, select Bonds for redemption, give notice of redemption and maintain the Bond Register. The Paying Agent is hereby authorized to and shall pay, from funds on deposit for such purposes hereunder, the principal of and premium, if any, on the Bonds when the same are duly presented to it for payment at maturity or on call and redemption, provide for the registration of transfer and exchange of Bonds presented to it for such purposes, provide for the cancellation of Bonds all as provided in this Indenture, and provide for the authentication of Bonds, and shall perform all other duties assigned to or imposed on it as provided in this Indenture. The Paying Agent shall keep accurate records of all Bonds paid and discharged by it.

The Fiscal Agent is also authorized to and shall maintain and administer funds and accounts established pursuant to Section 4.1 hereof. The Fiscal Agent shall keep accurate records of all funds administered by it. The County further authorizes and designates the Auditor to perform those functions of the Fiscal Agent set forth herein which, pursuant to the Contractual Assessment Law and the provisions incorporated therein by reference, are to be performed by the treasurer.

Each of the initially appointed Paying Agent and Fiscal Agent may contract with any third party to perform any or all of their obligations and duties under this Indenture. The Paying Agent and Fiscal Agent may each be removed by the County and a successor or successors may be appointed. So long as any Bonds are Outstanding and unpaid, the Paying Agent, the Fiscal Agent and any successor or successors thereto designated by the County shall continue to be Paying Agent and Fiscal Agent, respectively, of the County for all of said purposes until the designation of a successor or successors.

Section 6.2. Liability of Paying Agent and Fiscal Agent. The recitals of fact and all promises, covenants and agreements contained herein and in the Bonds shall be taken as statements, promises, covenants and agreements of the County, and the Paying Agent and the Fiscal Agent assume no responsibility for the correctness of the same and makes no representations as to the validity or sufficiency of this Indenture or of the Bonds, and shall incur no responsibility in respect thereof, other than in connection with its duties or obligations set forth herein or in the Bonds or in the certificate of authentication and registration assigned to or imposed upon the Paying Agent or the Fiscal Agent, as applicable. The Paying Agent shall be under no responsibility or duty with respect to the issuance of the Bonds for value. Neither the Paying Agent nor the Fiscal Agent shall be liable in connection with the performance of their respective duties hereunder, except for their respective negligence or default.

Section 6.3. Compensation. The County shall pay, from the Program Expense Fund, to the Fiscal Agent from time to time reasonable compensation for all services rendered under this Indenture, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents, and employees, incurred in and about the performance of their powers and duties under this Indenture. Other than funds on deposit in the Program Expense Fund, in no event shall the County be required to expend its own funds hereunder or under the Assessment Contract.

## **ARTICLE VII**

### **SUPPLEMENTAL INDENTURE**

Section 7.1. Supplemental Indenture. The County may from time to time, and at any time, enter into such indentures or agreements supplemental hereto with the consent of the Bondowner for the purpose of waiving, modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any supplemental indenture or agreement.



## ARTICLE VIII

### DEFAULT

Section 8.1. Events of Default. Any one or more of the following events shall constitute an “Event of Default”:

(a) Default in the due and punctual payment of the principal of or redemption premium, if any, on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) Default in the due and punctual payment of the interest on any Bond when and as the same shall become due and payable; or

(c) Default by the County in the observance of any of the agreements, conditions or covenants on its part in this Indenture or in the Bonds contained (other than a payment default referred to in subparagraphs (a) and (b) above), and the continuation of such default for a period of 60 days after the County shall have been given notice in writing of such default by any Bondowner; provided that if within 60 days the County has commenced curing of the default and diligently pursues elimination thereof, such period shall be extended to permit such default to be eliminated.

Section 8.2. Remedies on Default. (a) If any installment of principal or interest on any Bond is not paid when due, the owner of such Bond shall have the right to exercise such rights and remedies as are provided to such owner under the Contractual Assessment Law or under other applicable law.

(b) In the event the County fails to take any action to eliminate an Event of Default under Section 8.1 hereof, the Bondowner of not less than sixty percent (60%) in aggregate principal amount of Outstanding Bonds may institute any suit, action, mandamus or other proceeding in equity or at law for the protection or enforcement of any right under this Indenture, but only if such Bondowners have first made written request of the County, after the right to exercise such powers or right of action shall have occurred, and shall have afforded the County a reasonable opportunity either to proceed to exercise the powers granted herein or granted under law or to institute such action, suit or proceeding in its name and unless also, the County shall have been offered reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the County shall have refused or neglected to comply with such request within a reasonable time. Any moneys recovered in such suit, action, mandamus or other proceedings shall be applied first to the payment of the reasonable costs and expenses of the Bondowner in bringing such suit, action, mandamus or other proceeding, including reasonable compensation to their agents and attorney.

(c) The principal of the Bonds shall not be subject to acceleration.

Section 8.3. Remedies Not Exclusive; Non-Waiver. No remedy conferred hereby upon any Bondowner is intended to be exclusive of any other remedy, but each such remedy is cumulative and in addition to every other remedy and may be exercised without exhausting and without regard to any other remedy conferred by the 1915 Act, the Contractual

Assessment Law, or any other law of the State. No waiver of any default or breach of duty or contract by any Bondowner shall affect any subsequent default or breach of duty or contract or shall impair any rights or remedies on said subsequent default or breach. No delay or omission of any Bondowner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed as a waiver of any such default or acquiescence therein. Every substantive right and every remedy conferred upon the Bondowner may be enforced and exercised as often as may be deemed expedient. In case any suit, action or proceeding to enforce any right or exercise any remedy shall be brought or taken and the Bondowner shall prevail, said Bondowner shall be entitled to receive reimbursement for reasonable costs, expenses, outlays and attorney's fees and should said suit, action or proceeding be abandoned, or be determined adversely to the Bondowner then, and in every such case, the County and the Bondowner shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

Section 8.4. Limited Liability of the County to the Bondowner; No Liability of the County. Except for the collection of the Revenues and the observance and performance of the other conditions, covenants and terms contained herein or in the 1915 Act or the Contractual Assessment Law required to be observed or performed by it, the County shall not have any obligation or liability to the Bondowner with respect to this Indenture or the preparation, authentication, delivery, transfer, exchange or cancellation of the Bonds. The County has determined that no funds of the County will be available to pay principal of, premium, if any, or interest on the Bonds. The County has determined that pursuant to the Contractual Assessment Law, the County will not obligate itself to advance available funds from the County's treasury to cure any deficiency which may occur in the Debt Service Fund.

## **ARTICLE IX**

### **MISCELLANEOUS**

Section 9.1. Defeasance. If all Outstanding Bonds shall be paid and discharged in any one or more of the following ways:

(a) by paying or causing to be paid the principal of and interest with respect to all Bonds then Outstanding, as and when the same become due and payable;

(b) by depositing with the Fiscal Agent, at or before maturity, an amount which, together with the amounts then on deposit in the corresponding account of the Debt Service Fund, is fully sufficient to pay the principal of and redemption premium (if any) and interest on all Bonds then Outstanding as and when the same shall become due and payable or, in the event of redemption thereof, before their respective Maturity Dates; or

(c) by depositing with the Fiscal Agent Federal Securities in such amount as the County shall determine, as verified by a nationally recognized Independent Public Accountant, will, together with the interest to accrue thereon and moneys then on deposit in the corresponding account of the Debt Service Fund together with the interest to accrue thereon, be fully sufficient to pay and discharge the principal of, and premium (if any) and interest on all Bonds then Outstanding as and when the same shall become due and payable;

then, at the election of the County, and notwithstanding that any Bonds shall not have been surrendered for payment, all obligations of the County under this Indenture with respect to all Outstanding Bonds shall cease and terminate, except for (i) the obligation of the Treasurer to pay or cause to be paid to the Bondowner of the Bonds not so surrendered and paid, all sums due thereon, and (ii) the County's obligations under Section 5.3. Any funds held by the Fiscal Agent in such account of the Debt Service Fund, at the time of receipt of such notice from the County, which are not required for the purpose above mentioned, shall be transferred to the County to be used for the benefit of the LACEP.

Section 9.2. Cancellation of Bonds. All Bonds surrendered to the Fiscal Agent for payment upon maturity or redemption shall upon payment therefor be canceled immediately and forthwith transmitted to or upon the order of the County. All of the canceled Bonds shall be transferred to and shall remain in the custody of the Fiscal Agent until destroyed by the Fiscal Agent pursuant to due authorization.

Section 9.3. Execution of Documents and Proof of Ownership. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Indenture to be signed or executed by Bondowners may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Bondowners in person or by their attorneys appointed by an instrument in writing for that purpose, or by any bank, trust company or other depository for such Bonds. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, and of the ownership of Bonds shall be sufficient for the purposes of this Indenture (except as otherwise herein provided), if made in the following manner:

(a) The fact and date of the execution by any Bondowner or his or her attorney of any such instrument and of any instrument appointing any such attorney, may be proved by a signature guarantee of any bank or trust company located within the United States of America. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such signature guarantee shall also constitute sufficient proof of his or her authority.

(b) As to any Bond, the person in whose name the same shall be registered in the Bond Register shall be deemed and regarded as the absolute Bondowner thereof for all purposes, and payment of or on account of the principal of any such Bond, and the interest thereon, shall be made only to or upon the order of the registered Bondowner thereof or his or her legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond and the interest thereon to the extent of the sum or sums so paid. The Fiscal Agent shall not be affected by any notice to the contrary.

Nothing in this Indenture shall be construed as limiting the Fiscal Agent to such proof, it being intended that the Fiscal Agent may accept any other evidence of the matters herein stated which the Fiscal Agent may deem sufficient. Any request or consent of the Bondowner of any Bond shall bind every future Bondowner of the same Bond in respect of anything done or suffered to be done by the Fiscal Agent in pursuance of such request or consent.

Section 9.4. Provisions Constitute Contract. In consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued hereunder by those who shall hold the same from time to time, this Indenture shall be deemed to be and shall constitute a contract between the County and the Bondowner from time to time of the Bonds; and the pledge made in this Indenture and the covenants and agreements herein set forth to be performed on behalf of the County shall be for the equal benefit, protection and security of the owners of any and all of the Bonds, all of which, regardless of the time or times of their issuance, shall be of equal rank without preference, priority or distinction of the Bonds over any other thereof except as expressly provided in or permitted by this Indenture.

Section 9.5. Payment on Business Day. In any case where the date of the maturity of interest or of principal (and premium, if any) of the Bonds or the date fixed for redemption of any Bonds or the date any action is to be taken pursuant to this Indenture is other than a Business Day, the payment of interest or principal (and premium, if any) or the action need not be made on such date but may be made on the next succeeding day which is a Business Day with the same force and effect as if made on the date required and no interest shall accrue for the period after such date.

Section 9.6. Disqualified Bonds. In the event of a later transfer of the Bonds in accordance with Section 2.7 hereof, in determining whether the Bondowner of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned or held by or for the account of the County shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, provided, however, that for the purpose of determining whether the Fiscal Agent shall be protected in relying on any such demand, request, direction, consent or waiver, only Bonds which the Fiscal Agent knows to be so owned or held shall be disregarded.

Section 9.7. Severability. If any covenant, agreement or provision, or any portion thereof, contained in this Indenture, or the application thereof to any person or circumstance, is held to be unconstitutional, invalid or unenforceable, the remainder of this Indenture and the application of any such covenant, agreement or provision, or portion thereof, to other persons or circumstances, shall be deemed severable and shall not be affected thereby, and this Indenture and the Bonds issued pursuant hereto shall remain valid and the Bondowner shall retain all valid rights and benefits accorded to them under this Indenture and the Constitution and laws of the State.

Section 9.8. Notice. Any notice, demand, direction, request or other instrument authorized or required by this Indenture to be given to or filed with the County, the Paying Agent or the Fiscal Agent shall be deemed to have been sufficiently given or filed for all purposes of this Indenture if and when delivered to or sent by certified mail, return receipt requested to:

County: County of Los Angeles  
500 West Temple Street, Room 437  
Los Angeles, California  
Attention: Treasurer and Tax Collector

Paying Agent: County of Los Angeles  
500 West Temple Street, Room 437  
Los Angeles, California  
Attention: Treasurer and Tax Collector

Fiscal Agent: County of Los Angeles  
500 West Temple Street, Room 603  
Los Angeles, California  
Attention: Auditor-Controller

All documents received by the Fiscal Agent or the Paying Agent under the provisions of this Indenture shall be retained in its possession, subject at all reasonable times to the inspection of the County, any Bondowner, and the agents and representatives thereof.

Section 9.9. No Personal Liability. The County and the officer, agent or employee thereof shall not be individually or personally liable for the payment of the principal of or interest on the Bonds; but nothing herein contained shall relieve any such entity, officer, agent or employee from the performance of any official duty provided by law.

Section 9.10. Employment of Agents by the County. In order to perform its duties and obligations hereunder, the County may employ such persons or entities as it deems necessary or advisable. The County shall not be liable for any of the acts or omissions of such persons or entities employed by it in good faith hereunder, and shall be entitled to rely, and shall be fully protected in doing so, upon the opinions, calculations, determinations and directions of such persons or entities.

Section 9.11. Counterparts. This Indenture may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original; and such counterparts shall constitute but one and the same instrument.

Section 9.12. Headings. Any headings preceding the texts of the several Articles hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Indenture, nor shall they affect its meaning, construction or effect.

Section 9.13. Governing Law. All provisions of this Indenture are to be governed by the laws of the State.

IN WITNESS WHEREOF, the parties have executed this Indenture effective the date first above written.

COUNTY OF LOS ANGELES

By: \_\_\_\_\_  
Chair of the Board of Supervisors

ATTEST:

SACHI A. HAMAI  
Executive Officer  
of the Board of Supervisors

By: \_\_\_\_\_  
Deputy

TREASURER AND TAX COLLECTOR OF THE  
COUNTY OF LOS ANGELES

By: \_\_\_\_\_  
Mark J. Saladino

APPROVED AS TO FORM:

JOHN F. KRATTLI  
COUNTY COUNSEL

By: \_\_\_\_\_  
Principal Deputy County Counsel

AUDITOR-CONTROLLER OF THE COUNTY  
OF LOS ANGELES

By: \_\_\_\_\_  
Wendy L. Watanabe

**EXHIBIT A**  
**FORM OF BOND**

*The Bondowner of this Bond is intended to be only a “Qualified Institutional Buyer” (as defined in the herein referenced Indenture) that has executed and delivered to the County an Investor Letter (as defined in the herein referenced Indenture) and any transfer of the registered ownership of this Bond may only be to a Qualified Institutional Buyer that has executed and delivered to the County an Investor Letter as required by the Indenture and any such transferee, by the acceptance of this Bond, represents that it is a Qualified Institutional Buyer and has executed the Investor Letter required by the Indenture.*

*[If this Bond is issued in book-entry form only: then unless this Bond is presented by an authorized representative of DTC (as defined in the indenture) to the trustee for registration of transfer, exchange or payment, and any Bond executed and delivered is registered in the name of Cede & Co. Or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. Or to such other entity as is requested by an authorized representative of DTC), any transfer, pledge or other use hereof for value or otherwise by or to any person is wrongful inasmuch as the registered owner hereof, Cede & Co. has an interest herein.]*

United States of America  
State of California  
County of Los Angeles

NUMBER [1]

[\$200,000]

COUNTY OF LOS ANGELES  
LOS ANGELES COUNTY ENERGY PROGRAM  
CONTRACTUAL ASSESSMENT LIMITED OBLIGATION IMPROVEMENT BOND  
SERIES 2013 C-1 (TAXABLE)

<u>MATURITY DATE</u>	<u>BOND DATE</u>	<u>INTEREST RATE</u>	<u>CUSIP NUMBER</u>
September 2, 2033		7.00%	

REGISTERED OWNER:

PRINCIPAL AMOUNT: [TWO HUNDRED THOUSAND DOLLARS]

Under and by virtue of Chapter 29 of Part 3 of Division 7 of the Streets and Highways Code of the State of California (the “Contractual Assessment Law”) and the Improvement Bond Act of 1915, Division 10 (commencing with Section 8500) of the Streets and Highways Code (the “1915 Act”), the County of Los Angeles, State of California (the “County”) hereby promises to pay (but only out of the Revenues as such term is defined in the Indenture, dated as of [As of Date] (the “Indenture”) by and among the County, the Treasurer and Tax

Collector of the County, as paying agent (the "Paying Agent") to the registered owner hereof or registered assigns (the "Bondowner"), and the Auditor-Controller of the County, as fiscal agent (the "Fiscal Agent")) to the Bondowner, on the Maturity Date identified above, subject to any right of prior redemption hereinafter mentioned, the principal sum specified above in lawful money of the United States of America, and to pay interest thereon at a rate of interest determined pursuant to the Indenture and the Resolution of the Board of Supervisors (the "Resolution of Issuance") adopted on May 25, 2010, as supplemented by a Resolution of the County adopted on \_\_\_\_\_, 2013, in like money from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication and registration of this Bond, unless this Bond is authenticated and registered (i) on an Interest Payment Date, in which event interest shall be payable from such date of authentication and registration, (ii) prior to an Interest Payment Date and after the close of business on the 15th day of the month immediately preceding such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (iii) prior to the close of business on February 15, 2014, in which event it shall bear interest from the Bond Date stated above, until payment of such principal sum shall have been discharged; provided, however, that if at the time of authentication of such Bond, interest is in default, interest on that Bond shall be payable from the last Interest Payment Date to which the interest has been paid or made available for payment.

The principal of this Bond shall be payable on the Maturity Date. Interest on this Bond shall be payable semiannually on March 2 and September 2 (each an "Interest Payment Date") in each year commencing on March 2, 2014. Principal of and interest on this Bond shall be paid by check of the Paying Agent mailed on or before the Interest Payment Date by first class mail, postage prepaid, or upon satisfaction of certain conditions specified in the Indenture, by wire transfer or any other method acceptable to the Bondowner, to the person whose name appears in the Registrations Books as the Bondowner of such Bond as of the 15<sup>th</sup> day of the calendar month immediately preceding each Interest Payment Date, to the address of that person on the Registration Books, provided that the payment of principal of the Bond on the Maturity Date and the payment of the principal of the Bond and any premium due upon the redemption thereof shall be payable upon presentation and surrender thereof at maturity or earlier redemption at the office of the Paying Agent in Los Angeles, California.

This Bond shall bear interest until the principal amount has been paid; provided, however, that if at the Maturity Date, or if at the redemption date of any principal amount of this Bond which has been duly called for redemption as provided in the Indenture, funds are available for the payment or redemption thereof in full accordance with the terms of the Indenture, such principal amount shall then cease to bear interest.

This Bond is subject to redemption as set forth in the Indenture.

This Bond is issued by the County under the Contractual Assessment Law, the 1915 Act and the Indenture for the purpose of funding disbursements under certain assessment contracts in connection with the Los Angeles County Energy Program established by the Board of Supervisors of the County pursuant to the Contractual Assessment Law. The obligation of the County to make payments of principal and interest on this Bond is a limited obligation secured only as set forth in the Indenture.



This Bond is secured by the Revenues, including the moneys in the Debt Service Fund, and is payable exclusively out of such account. This Bond and interest thereon are not secured by any other funds of the County. Neither the credit nor the taxing power of the County is pledged for the payment of this Bond or the interest thereon, and no Bondowner of this Bond may compel the exercise of any taxing power by the County or force the forfeiture of any of its properties. The principal of, and premium (if any) and interest on this Bond are not a debt of the County nor a legal or equitable pledge, charge, lien or encumbrance upon any of the properties of the County, or upon any of their income, receipts or revenues, other than the Revenues and the funds described in the Indenture.

This Bond is transferable by the Bondowner hereof by the person in whose name it is registered, in person or by such person's duly authorized attorney, upon the terms and conditions set forth in the Indenture, including the requirement that such Bonds shall be transferred in whole to a single purchaser that is a Qualified Institutional Buyer and such transferee delivers to the Fiscal Agent and the County an executed Investor Letter.

The Paying Agent shall not be required to exchange or register the transfer of Bonds during the 15 days immediately preceding any Interest Payment Date or of any Bonds selected for redemption in advance of maturity.

The Paying Agent and the County may treat the Bondowner hereof as the absolute owner for all purposes, and the Paying Agent and the County shall not be affected by any notice to the contrary.

This Bond or any portion of it is subject to redemption and payment prior to maturity as set forth in the Indenture.

This Bond shall not be entitled to any benefit under the 1915 Act or the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon endorsed shall have been dated and signed by the Paying Agent.

[The remainder of this page is intentionally left blank.]

THE COUNTY HAS CERTIFIED, RECITED AND DECLARED that all things, conditions and acts required by the Constitution and laws of the State of California and the Indenture to exist, to have happened and to have been performed precedent to and in the execution, authentication and the delivery of this Bond, do exist, have happened and have been performed in due time, form and manner, as required by law and the Indenture.

IN WITNESS WHEREOF, the County has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signatures of its Treasurer and Executive Officer of the Clerk of the Board of Supervisors, all as of the dated date identified above.

\_\_\_\_\_  
Executive Officer Clerk of the Board of  
Supervisors of the County of Los Angeles

\_\_\_\_\_  
Treasurer and Tax Collector of the  
County of Los Angeles

#### PAYING AGENT'S CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Indenture which has been authenticated and registered on the \_\_ day of \_\_\_\_\_, 2013.

TREASURER AND TAX COLLECTOR OF THE  
COUNTY, as Paying Agent

By: \_\_\_\_\_

[FORM OF ASSIGNMENT]

For value received the undersigned do(es) hereby sell, assign and transfer unto \_\_\_\_\_,  
whose tax identification number is \_\_\_\_\_, the within-mentioned registered Bond and hereby  
irrevocably constitute(s) and appoint(s) \_\_\_\_\_ attorney  
to transfer the same on the books of the Fiscal Agent with full power of substitution in the  
premises.

Dated: \_\_\_\_\_

Signature guaranteed:

\_\_\_\_\_  
NOTE: The signature(s) on this Assignment  
must correspond with the name(s) as written on  
the face of the within Bond in every particular  
without alteration or enlargement or any change  
whatsoever.

\_\_\_\_\_  
NOTICE. Signature must be guaranteed by a  
member of an institution which is a participant  
in the Securities Transfer Agent Medallion  
Program i STAMP or other similar program.

**EXHIBIT B**

**(LETTERHEAD OF THE APPLICABLE DEPARTMENT OF THE  
COUNTY OF LOS ANGELES)**

**PAYMENT REQUEST FORM**

Auditor-Controller, as Fiscal Agent  
500 West Temple Street, Room 603  
Los Angeles, CA 90012

**SUBJECT: REQUEST FOR PAYMENT OF COSTS OF ISSUANCE  
COUNTY OF LOS ANGELES  
LOS ANGELES COUNTY ENERGY PROGRAM  
CONTRACTUAL ASSESSMENT LIMITED OBLIGATION IMPROVEMENT BONDS,  
SERIES 2013 C-1**

The Fiscal Agent is hereby requested to pay from the Costs of Issuance Fund established pursuant to the Indenture, dated as of [As of Date], executed by and among the County of Los Angeles, the Treasurer and Tax Collector of the County of Los Angeles, as Paying Agent, and the Auditor-Controller of the County of Los Angeles, as Fiscal Agent, to the person, corporation or other entity designated below as Payee, the sum set forth below such designation, in payment of the Costs of Issuance described below. The amount shown below is due and payable under a purchase order, contract or other authorization with respect to the Costs of Issuance described below and has not formed the basis of any prior request for payment.

Payee:

Address:

Amount: \$ \_\_\_\_\_

Description:

Description of Costs of Issuance or portion thereof accepted by the County of Los Angeles and authorized to be paid to the Payee.

Executed by the Authorized  
Representative of the County  
of Los Angeles

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Dated: \_\_\_\_\_

Title: \_\_\_\_\_

Payment Request No. \_\_\_\_\_

Attachment: (Attach duplicate original of Payee's statement(s) or invoice(s))

**EXHIBIT C**  
**ASSESSMENT CONTRACT**

Assessment Contact Information:

Bondowner: \_\_\_\_\_

Property Address: \_\_\_\_\_

Date of Assessment Contract: \_\_\_\_\_

APN: \_\_\_\_\_

**LOS ANGELES COUNTY ENERGY PROGRAM**

**ASSESSMENT CONTRACT**

This Assessment Contract (this “Contract”) is made and entered into as of this \_\_\_\_ day of \_\_\_\_\_, 2013, by and between the COUNTY OF LOS ANGELES, a political subdivision of the State of California (the “County”), and International Brotherhood of 848 TCWH (the “Owner”).

WHEREAS, the County has established the Los Angeles County Energy Program (“LACEP”) pursuant to Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code (the “Act”), in connection with which the County may levy assessments against developed properties in the County, with the free and willing consent of the owners of the properties, to finance the acquisition and construction on and installation in the assessed properties of certain qualifying renewable energy systems and energy and water efficiency improvements.

WHEREAS, the City of Long Beach, a political subdivision of the State (the “City”), has resolved to participate in LACEP.

WHEREAS, the Owner is the fee title owner of certain commercial property described in Exhibit C attached hereto (the “Property”) and located within the City of Long Beach, County of Los Angeles.

WHEREAS, the Owner has reviewed the Program participant handbook attached as Exhibit A hereto (the “Participant Handbook”) and submitted an application to participate in LACEP (the “Application”; together with Participant Handbook and this Contract, the “Contract Documents”) to finance the acquisition, construction and installation of the renewable energy systems, energy efficient improvements and/or water efficiency improvements described in Exhibit B attached hereto (the “Improvements”) on the Property and the County has approved such Application.

WHEREAS, the County may fund LACEP through a number of financing mechanisms, including with proceeds of bonds to be issued by the County.

WHEREAS, the County wishes to provide for the terms and conditions pursuant to which the Owner will participate in LACEP and pay assessments to finance the Improvements hereunder.

NOW THEREFORE, in consideration of the mutual covenants contained herein and other valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties agree as follows:

1. **Financing Terms**

(a) Disbursement Amount; Maximum Disbursement Amount. Subject to the conditions set forth herein, the County agrees to disburse moneys to the Owner in the amount of the actual cost of the Improvements (the “Disbursement Amount”); provided the Disbursement Amount shall not exceed the maximum amount set forth in Exhibit B hereto (the “Maximum Disbursement”). LACEP Program Administrator (the “Program Administrator”) shall determine the Disbursement Amount on the basis of the best available written evidence of the actual cost of the Improvements and in the exercise of the Program Administrator’s reasonable judgment. The Owner agrees to complete the Improvements. The Owner agrees to pay for and shall be solely responsible for the payment of all costs to complete the Improvements described in the Application which exceed the Maximum Disbursement.

(b) Repayment by Owner.

(i) Assessment. In consideration of the disbursement of the Disbursement Amount, the Owner shall pay to the County an amount equal to the Disbursement Amount, certain financing costs, including any capitalized LACEP administrative expenses, and the interest accrued thereon. Such amounts shall be repaid by the Owner to the County by the payment of an aggregate assessment levied against the Property pursuant to Section 5898.30 of the Streets and Highway Code of the State of California (the “Assessment”) without deduction or offset for any amounts the Owner may claim due to it by the County, all as set forth in Exhibit D attached hereto (the “Notice of Payment Schedule”). The Notice of Payment Schedule will be given by the Program Administrator as soon as practicable after determination of the Disbursement Amount.

(ii) Interest. Interest shall be payable in installments, computed on the basis of a 360-day year, and shall accrue on the unpaid Assessment from [the date of this contract<sup>1</sup>][the date any portion of the Disbursement Amount is disbursed to the Owner]. The interest rate applicable to the unpaid Assessment and the interest installments therefor are set forth in Exhibit B and Exhibit D hereto.

(iii) Annual Administrative Assessment. The Owner shall pay to the County, without deduction or offset, an annual assessment levied against the Property to pay costs incurred by the County in connection with the administration and collection of the Assessment, the administration or registration of any associated bonds, securities or other financing arrangements, and the administration of any reserve fund or other related funds (the “Annual Administrative Assessment”). The Annual Administrative Assessment shall not exceed the amount set forth in Exhibit B and Exhibit D hereto and may be changed from time to time by the Program Administrator, in his sole discretion, subject to the maximum Annual Administrative Assessment.

(iv) Financing Costs in the Event of Noncompletion. If the Owner fails to install the Improvements in compliance with LACEP requirements following execution

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<sup>1</sup> To be determined based on County policy and private placement term sheet.



of this Assessment Contract, the Owner shall pay for all expenses incurred by the County or any of its agents in connection with levying or removing the assessments hereunder and financing the Improvements, including costs relating to the redemption of bonds issued to finance the Improvements, in the amount set forth in Exhibit B hereto.

(c) Prepayment. The Owner may prepay the Assessment in whole and in part by paying all or a part of the principal amount owing on the Assessment, plus the applicable prepayment premium set forth in Exhibit B hereto, and accrued interest. The Owner shall notify the Program Administrator in writing of the Owner's determination to prepay the Assessment at least      ( ) business days prior to the date the Owner intends to prepay the Assessment.

(d) Term of Contract. The term of this Contract shall be as set forth in Exhibit B hereto, commencing upon the execution hereof and ending on the date the Assessment and any applicable penalties, costs, fees, and charges have been paid in full; provided, however, the estimated payment schedule may be adjusted as provided in this Section 1. The initial amount of each Assessment and Annual Administrative Assessment installment that will be levied is set forth in Exhibit B attached hereto. The amount of each Assessment and Annual Administrative Assessment installment that will be levied each year is set forth in Exhibit D attached hereto.

## **2. Lien of Assessment and Annual Administrative Assessment; Special Benefit.**

(a) Lien Against Property. The execution of this Contract by the parties constitutes the levy of the Assessment and the Annual Administrative Assessment by the Board of Supervisors against the Property without any further action required by the parties. The Owner consents to the levy of the Assessment and the Annual Administrative Assessment, including each installment thereof and any interest and penalties that accrue with respect thereto, on and recordation of a lien against the Property and agrees that, upon the execution of this Contract by the parties, the Property shall be subject to the Assessment and the Annual Administrative Assessment in accordance with and pursuant to this Contract, the Act and applicable law.

(b) Notice of Assessment; Notice of Payment of Contractual Assessment Required. Upon execution of this Contract, the County will execute and cause to be recorded in the Office of the Registrar-Recorder/County Clerk a notice of assessment substantially in the form attached as Exhibit E hereto (the "Notice of Assessment") and a document entitled "Payment of Contractual Assessment Required" substantially in the form attached as Exhibit F hereto (the "Notice of Payment of Contractual Assessment Required"). Upon recordation of the Notice of Assessment in the Office of the Registrar-Recorder/County Clerk, the Assessment and the Annual Administrative Assessment, including each installment thereof and any interest and penalties that accrue with respect to the Assessment and the Annual Administrative Assessment, shall constitute a lien upon the Property until paid. The Notice of Assessment and Notice of Payment of Contractual Assessment Required, as recorded, shall initially reflect the Assessment as set forth in Exhibit B. Following the County's final disbursement of the Disbursement Amount pursuant to Section 6 hereof, the Assessment shall equal the amount set forth in Exhibit D and the Notice of Assessment and Notice of Payment of Contractual Assessment Required will be supplemented accordingly.

(c) Priority of Lien. The lien of the Assessment and the Annual Administrative Assessment shall be coequal to and independent of the lien for general taxes and prior and superior to all liens, claims and encumbrances on or against the Property except (i) the lien for general taxes or ad valorem assessments in the nature of and collected as taxes levied by the State of California or any county, city, special district or other local agency, (ii) the lien of any special assessment or assessments the lien date of which is prior in time to the lien date of the Assessment and the Annual Administrative Assessment, (iii) easements constituting servitudes upon or burdens to the Property, (iv) water rights, the record title to which is held separately from the title to the Property and (v) restrictions of record.

(d) Special Benefit to Property.

(i) Acknowledgement. The Owner expressly acknowledges that the Improvements confer a special benefit to the Property in an amount at least equal to the Assessment.

(ii) Waiver of Provisions Other Than Those of the Act. The Owner expressly waives to the fullest extent permitted by law the notice, protest and hearing procedures and provisions of any applicable law other than the Act with respect to the levy and collection of the Assessment and the Annual Administrative Assessment, as described in Section 2 and Section 3, respectively, hereof.

3. **Collection of Amounts Due; Failure to Pay.**

(a) Collection through Property Tax Bill. Annual installments of the Assessment and the Annual Administrative Assessment shall be collected on the property tax bill pertaining to the Property. The annual proportion of the Assessment and the Annual Administrative Assessment coming due in any year shall be payable in the same manner, at the same time and in the same installments as the general taxes of the County on real property are payable, and the assessment installments shall be payable and become delinquent at the same times and the same proportionate amounts and shall bear the same penalties and interest after delinquency, and be subject to the same provisions for redemption and sale, as the general taxes on real property of the County.

(b) Failure to Pay. Failure to pay any installment of the Assessment and the Annual Administrative Assessment, including interest and penalties with respect thereto, shall result in the accrual of penalties and interest on the amounts due and may result in the foreclosure of the lien of the Assessment and the Annual Administrative Assessment, as described in Section 13(e) hereof and provided by law. Except as provided in Government Code Section 53936, the liens of the Assessment and the Annual Administrative Assessment are not subject to extinguishment by judicial foreclosure or the sale of the Property on account of the nonpayment of any taxes.

4. **Commencement and Completion of Improvements.**

(a) Consent and Authorization. Upon the issuance by the County of the Los Angeles County Energy Program Contractual Assessment Limited Obligation Improvement Bonds, Series 2013 C-1, the Program Administrator will give to the Owner a notice to proceed in the form of Exhibit G hereto (the "Notice to Proceed"), which notice shall constitute consent and

authorization pursuant to Section 5898.21 of the Act for the Owner to purchase directly the related equipment and materials for the Improvements and to contract directly for the construction on and/or installation in the Property of the Improvements. The Owner bears the risk of any costs of the Improvements incurred prior to receipt of the Notice to Proceed. The Owner may perform the construction and/or installation on the Property provided that the Owner is deemed a qualified installer by the Program Administrator in his/her sole discretion in accordance with the Participant Handbook.

(b) Date of Completion of the Improvements. Subject to Section 13(g) hereof, the Owner agrees to complete installation of the Improvements no later than [REDACTED] days after the date of the Notice to Proceed of this Contract. The Owner and the Program Administrator may agree to an extension of this completion date for good cause shown, but in no event shall the completion date be more than one year from the date of the Notice to Proceed.

5. **Use of Proceeds.**

The Owner shall use the Disbursement Amount for the sole purpose of paying for the reasonable costs and expenses of the Improvements on the Property, and in connection therewith the Owner shall comply with all requirements set forth in the Contract Documents.

6. **Conditions Precedent to Disbursement of Funds**

(a) Conditions Precedent to Disbursement of Funds. Notwithstanding anything to the contrary contained herein, the County shall have no obligation to disburse funds to the Owner unless and until each of the requirements set forth in the Participant Handbook and the following conditions are satisfied, or any such requirement or condition is expressly waived by the Program Administrator:

(i) With respect to the initial disbursement:

- (A) The Program Administrator shall have received a written request to disburse the Disbursement Amount.
- (B) The Owner has executed and delivered to the Program Administrator the Contract Documents and such other declarations, certifications, documents or instruments pertaining to the Disbursement Amount or the Improvements as the Program Administrator may require.
- (C) The Owner shall have executed any and all documents or instruments required by the Contract Documents in connection with the disbursement of funds to the Owner.
- (D) The Owner shall have provided all applicable lenders the Notice of Proposed Contractual Assessment set forth as Exhibit H to this Contract and received an executed copy of the Certificate of Lender set forth as Exhibit I to this contract. In addition, the Owner shall have received from the Program Administrator, at the

expense of the Owner, a determination that the Improvements to be financed hereunder (a) are within one or more classes of projects exempt from the California Environmental Quality Act (commencing with Section 21000 et seq. of the California Public Resources Code, "CEQA") pursuant to Sections 15301, 15302 or 15303 of the California Public Resources Code, (b) are the appropriate subject of a negative declaration pursuant to CEQA, in which case a negative declaration to that effect will be adopted pursuant to Section 21080 et seq. of the California Public Resources Code and Section 15070 et seq. of the California Code of Regulations, or (c), is the appropriate subject of an environmental impact report pursuant to CEQA, in which case an environmental impact report shall be prepared and certified and amounts hereunder shall be disbursed only if the Improvements are subsequently approved in accordance with CEQA.

(ii) With respect to the second and final disbursement:

- (A) The Program Administrator shall have received a copy of a finalized permit issued by the building inspection department of the jurisdiction within which the Property is located, if applicable.
- (B) The Program Administrator shall have received a written certification from the Owner and the contractor(s) that installed or constructed the Improvements, if any, stating that the Improvements for which disbursement is requested is complete and setting forth the actual cost of the Improvements (exclusive of any cost attributable to labor performed by the Owner pursuant to the terms and conditions of this Contract and the other Contract Documents). Such certification shall be in form and substance acceptable to the Program Administrator.
- (C) If an inspection is required, an inspection of the Improvements and a determination by the applicable agency, authority or entity that the Improvements have been completed in full compliance with the requirements of applicable law or that any noncompliance has been waived.
- (D) No stop payment or mechanic's lien notices pertaining to the Improvements has been filed and remain in effect as of the date of disbursement of the Disbursement Amount.
- (E) [The Program Administrator shall have received a title insurance policy in form and substance acceptable to the Program Administrator in the Disbursement Amount and insuring the lien of the Assessment.]

(iii) With respect to each of disbursement:

- (A) As of the date of disbursement of the Disbursement Amount the representations of the Owner contained in the Contract Documents are true and correct, and no Default (as defined in Section 13(a) below) shall have occurred and be continuing.
- (B) The Program Administrator shall have received such other documents and instruments as the Program Administrator may require, including but not limited to, if applicable, the sworn statements of contractor(s) or the Owner, if construction and/or installation is performed by the Owner in his/her capacity as a qualified installer pursuant to the Contract Documents, and releases or waivers of lien, all in compliance with the requirements of applicable law.

(iv) If there shall be a single disbursement under this Assessment Contract, all conditions under (i) through (iii) shall be satisfied by the Owner or waived by the Program Administrator prior to disbursement.

(b) Disbursement by County. Upon satisfaction or waiver of the conditions described in paragraph (a), above, the County will disburse or cause the disbursement of funds to the Owner [or the contractor(s) that installed or constructed the Improvements, as specified in writing by the Owner]. The Owner expressly waives the 30-day payment period provided by Section 10403 of the Streets and Highways Code.

## **7. Representations and Warranties of the Owner.**

For purposes of entering into this Contract, the County has relied upon the declarations, warranties and covenants of the Owner in this Contract and in the Application, which are incorporated into this Contract as if fully set forth herein. The Owner promises that each representation and warranty set forth herein is true, accurate and complete as of the date of this Contract. By accepting the disbursement, the Owner shall be deemed to have reaffirmed each and every representation and warranty made by the Owner in this Contract and in the Application as of the date of disbursement. If the Owner is comprised of the trustees of a trust, the following representations shall also pertain to the trustor(s) of the trust.

(a) Formation; Authority. If the Owner is anything other than a natural person, it has complied with all laws and regulations concerning its organization, its existence and the transaction of its business, and is in good standing in each State in which it conducts its business. The Owner is the owner of the Property and is authorized to execute, deliver and perform its obligations under the Contract Documents, and all other documents and instruments delivered by the Owner to the County in connection therewith. The Contract Documents have been duly executed and delivered by the Owner and are valid and binding upon and enforceable against the Owner in accordance with their terms, and no consent or approval of any third party, which has not been previously obtained by the Owner is required for the Owner's execution thereof or the performance of its obligations contained therein.

(b) Compliance with Law. Neither the Owner nor the Property is in violation of, and the terms and provisions of the Contract Documents do not conflict with, any regulation or ordinance, any order of any court or governmental entity, or any building restrictions or governmental requirements affecting the Owner or the Property.

(c) No Violation. The terms and provisions of the Contract Documents, the execution and delivery of the Contract Documents by the Owner, and the performance by the Owner of its obligations contained in the Contract, will not and do not conflict with or result in a breach of or a default under any of the terms or provisions of any other agreement, contract, covenant or security instrument by which the Owner or the Property is bound.

(d) Other Information. All reports, documents, instruments, information and forms of evidence which have been delivered to the County in connection with the Owner's application for LACEP funding are accurate, correct and sufficiently complete to give the County true and accurate knowledge of their subject matter.

(e) Litigation. There is no litigation, tax claims, actions, proceedings, investigations or other disputes pending or threatened against the Owner or the Property which may impair the Owner's ability to perform its obligations hereunder, or which may impair the County's ability to levy and collect the Assessment and the Annual Administrative Assessment.

(f) No Event of Default. There is no event which is, or with notice or lapse of time or both would be, a Default under this Contract.

8. **Covenants of the Owner.**

The Owner agrees and covenants to each of the following:

(a) Installation and Maintenance of Improvements. The Owner shall, or shall cause its contractor(s) to, promptly commence the Improvements and diligently continue to completion in a good and workmanlike manner and in accordance with sound construction and installation practices. The Owner shall maintain the Improvements in good condition and repair.

(b) Reports. If the Disbursement Amount is disbursed in more than one installment, the Owner agrees, upon the request of the Program Administrator, to promptly deliver or cause to be promptly delivered to the Program Administrator a written status report of the Improvements, including the acquisition and installation thereof.

(c) Compliance with Law and Agreements. The Owner shall complete all Improvements, or cause the Improvements to be completed, in conformity with all applicable laws, including all applicable federal, state, and local occupation, safety and health laws, rules, regulations, standards, and recorded instruments, covenants or agreements affecting the Property. The Owner shall comply with and keep in effect all permits, licenses, and approvals required to complete installation of the Improvements.

(d) Completion of Work. If the Disbursement Amount is disbursed in more than one installment, subject to any acceptable excuse for failure to complete the Improvements pursuant

to Section 13(g) hereof, the Owner shall complete the Improvements within \_\_\_\_\_ [time period] of the initial disbursement of the Disbursement Amount.

(e) Site Visits; Utility Records; Surveys. For purposes of examining the workmanship of the Improvements, observing the quality of the Improvements and otherwise evaluating LACEP, the Owner grants the County, its agents and representatives, including without limitation the Program Administrator, the right to enter and visit the Property at any reasonable time, after giving reasonable notice to the Owner. For purposes of examining savings derived from the Improvements and other satisfying the requirements relating to grant moneys used to fund LACEP, the Owner shall also allow the County to examine and copy records and other documents of the Owner which relate to the Improvements, including utility records of the Owner and execute any consents, waivers or similar documents required by utility providers in connection therewith through the term of this Contract. The Owner also agrees to participate in any and all surveys conducted in connection with LACEP. The County is under no duty to visit the Property, observe any aspects of the Improvements or examine any records, and the County shall not incur any obligation or liability by reason of not making any such visit or examination. Any site visit, observation or examination by the County shall be solely for the purposes of protecting the County's rights under the Contract Documents.

(f) Protection Against Lien Claims. The Owner shall promptly pay or otherwise discharge any claims and liens for labor done and materials and services furnished to the Property in connection with the Improvements. The Owner shall have the right to contest in good faith any claim or lien, provided that it does so diligently and without delay in completing the Improvements.

(g) Notice to Successors in Interest. The Owner agrees to provide written notice to any subsequent purchaser of the Property that the Property is subject to an LACEP assessment lien, and to provide any subsequent purchaser a copy of this Contract.

(h) Insurance. [If the Maximum Disbursement exceeds \$\_\_\_\_\_,] the Owner shall provide, maintain and keep in force at all times until the Improvements are completed, builder's all risk property damage insurance on the Property, with a policy limit equal to the amount of the Maximum Disbursement.

(i) Notices. The Owner shall promptly notify the County in writing of any Default under this Contract, or any event which, with notice or lapse of time or both, would constitute a Default hereunder.

9. **Mechanic's Lien and Stop Notices.**

In the event of the filing of a stop notice or the recording of a mechanic's lien pursuant to applicable law of the State of California and relating to the Improvements, the Program Administrator may refuse to disburse any funds to the Owner, and, in the event the Owner fails to furnish the Program Administrator a bond causing such notice or lien to be released within \_\_\_\_\_ (\_\_\_\_) days of notice from the Program Administrator to do so, such failure shall at the option of the County constitute a default under the terms of this Contract. The Owner shall promptly deliver to the Program Administrator copies of all such notices or liens.

10. **Responsibilities of the Owner; Indemnification.**

(a) **Financing by County; No Responsibility for Improvements.** The Owner acknowledges that the County has established LACEP solely for the purpose of assisting the owners of property in the County with the financing of the acquisition, construction, and installation of qualifying renewable energy systems and energy and water efficiency improvements. LACEP is a financing program only. None of the County, the City, their officials, agents, employees, attorneys and representatives, the Program Administrator, or LACEP staff is responsible for selection, management or supervision of the Improvements or of the Improvements' performance.

(b) **Indemnification.** The Owner shall indemnify, defend, protect, and hold harmless the County, the City and any and all officials, agents, employees, attorneys and representatives of the County or City (collectively, the "Indemnified Parties"), from and against all losses, liabilities, claims, damages (including consequential damages), penalties, fines, forfeitures, costs and expenses (including all reasonable out-of-pocket litigation costs and reasonable attorneys' fees) and any demands of any nature whatsoever related directly or indirectly to, or arising out of or in connection with, (i) the Contract Documents, (ii) disbursement of the Disbursement Amount, (iii) the Improvements, (iv) any breach or Default by the Owner under the Contract Documents, (v) the levy and collection of the Assessment and the Annual Administrative Assessment, (vi) the imposition of the lien of the Assessment and the Annual Administrative Assessment, (vii) any breach or failure of the Owner or its contractor(s) or agents to comply with all applicable laws, including all applicable federal, state and local occupation, safety and health laws, rules, regulations and standards, in connection with the acquisition, installation or completion of the Improvements, and (viii) any other fact, circumstance or event related to the County's payment of the Disbursement Amount to the Owner or the Owner's performance of its obligations under the Contract Documents (collectively, the "Liabilities"), regardless of whether such Liabilities shall accrue or are discovered before or after the Disbursement.

(c) **Survival of Indemnification.** The indemnity obligations described in Section 10(b) shall survive the disbursement of funds to the Owner, the payment of the Assessment in full, the transfer or sale of the Property by the Owner and the termination of this Contract.

11. **Waiver of Claims.**

For and in consideration of the County's execution and delivery of this Contract, the Owner, for itself and for its successors-in-interest to the Property and for any one claiming by, through, or under the Owner, hereby waives the right to recover from and fully and irrevocably releases the Indemnified Parties from any and all claims, obligations, liabilities, causes of action, or damages, including attorneys' fees and court costs, that the Owner may now have or hereafter acquire against any of the Indemnified Parties and accruing from or related to (i) the Contract Documents, (ii) the disbursement of any of the Disbursement Amount, including any amounts advanced hereunder, (iii) the levy and collection of the Assessment and the Annual Administrative Assessment, (iv) the imposition of the lien of the Assessment, (v) the issuance and sale of any bonds or other evidences of indebtedness, or other financial arrangements entered into by the County pursuant to LACEP, (vi) the performance of the Improvements, (vii) the Improvements, (viii) any damage to or diminution in value of the Property that may result from



construction or installation of the Improvements, (ix) any personal injury or death that may result from the construction or installation of the Improvements, (x) the selection of manufacturer(s), dealer(s), supplier(s), contractor(s) and/or installer(s), and their action or inaction with respect to the Improvements, (xi) the merchantability and fitness for any particular purpose, use or application of the Improvements, (xii) the amount of energy savings resulting from the Improvements, (xiii) the workmanship of any third parties, and (xiv) any other matter with respect to LACEP. This release includes claims, obligations, liabilities, causes of action, and damages of which the Owner is not presently aware or which the Owner does not suspect to exist which, if known by the Owner, would materially affect the Owner's release of the Indemnified Parties.

OWNER HEREBY ACKNOWLEDGES THAT IT HAS READ AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542 ("SECTION 1542"), WHICH IS SET FORTH BELOW:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

BY INITIALING BELOW, OWNER HEREBY WAIVES THE PROVISIONS OF SECTION 1542 SOLELY IN CONNECTION WITH THE MATTERS WHICH ARE THE SUBJECT OF THE FOREGOING WAIVERS AND RELEASES.

Owner's Initials: \_\_\_\_\_

The waivers and releases by the Owner contained in this Section 11 shall survive the disbursement of the Disbursement Amount, the payment of the Assessment in full, the transfer or sale of the Property by the Owner, and the termination of this Contract.

12. **Further Assurances.**

The Owner shall execute any further documents or instruments consistent with the terms of this Contract, including documents and instruments in recordable form, as the County shall from time to time find necessary or appropriate to effectuate its purposes in entering into this Contract and disbursing funds to the Owner.

13. **Events of Default.**

(a) **Default.** Subject to the further provisions of this Section 13, the failure of any of the Owner's representations or warranties to be correct in all material respects, or the failure or delay by the Owner to perform any of its obligations under the terms or provisions of the Contract Documents, shall constitute a default hereunder ("Default").

(b) **Notice of Default.** Upon the occurrence of a Default, prior to exercising any remedies under the Contract Documents or the Act, the County shall give written notice of

default to the Owner. Delay in giving such notice shall not constitute a waiver of any Default. The Owner must immediately commence to cure, correct, or remedy such failure or delay and shall complete such cure, correction or remedy with reasonable diligence, but in any event, within the time set forth herein.

(c) Cure Period for Monetary Default. If the Owner fails to timely pay any installment of the Assessment or the Annual Administrative Assessment, the Owner shall have a period of \_\_\_\_\_ ( ) days after notice is given pursuant to paragraph (b) above within which to cure such default. Following such \_\_\_\_\_ ( ) day period, the County in its sole discretion may exercise any and all of its available remedies, including its right to foreclose the lien of the Assessment or the Annual Administrative Assessment pursuant to applicable law.

(d) Cure Period for Non-Monetary Default. If a non-monetary Default occurs and such Default is reasonably capable of being cured within \_\_\_\_\_ ( ) days, the Owner shall have such period to effect a cure prior to exercise of remedies by the County under the Contract Documents or the Act. If the Default is such that it is reasonably capable of being cured but not within such \_\_\_\_\_ ( ) day period and the Owner (i) initiates corrective action within such \_\_\_\_\_ ( ) day period, and (ii) diligently, continually, and in good faith works to effect a cure as soon as possible, then the County in its sole discretion may elect to grant the Owner such additional time as is reasonably necessary to cure the Default prior to exercise of any remedies by the County. The foregoing notwithstanding, in no event shall the County be precluded from exercising any of its remedies if the Default is reasonably expected to result in the foreclosure or forfeiture of the Property, or if the Default is not cured within \_\_\_\_\_ ( ) days after the first notice of Default is given.

(e) Remedies Upon Default. Subject to the provisions of paragraphs (b), (c) and (d) above, if any Default occurs the County may exercise any or all of the rights and remedies available to it under applicable law, at equity, or as otherwise provided herein. If no disbursement has occurred hereunder, the County may elect to terminate this Contract and, except as otherwise expressly provided herein, the parties have no further obligations or rights hereunder. If the Disbursement Amount has been disbursed in whole or in part, the County may terminate its obligations to make any further disbursement of the Disbursement Amount and exercise any or all of the rights and remedies available to it under this Contract and applicable law. As a cumulative remedy, if any installment of the Assessment and the Annual Administrative Assessment, together with any penalties, costs, fees, and other charges, accruing under applicable taxation provisions are not paid when due, the Board of Supervisors or its designee may order that the same be collected by an action brought in a court of competent jurisdiction to foreclose the lien of the Assessment and the Annual Administrative Assessment to the extent permitted, and in the manner provided by, applicable law. Any and all costs and expenses incurred by the County in pursuing its remedies hereunder shall be additional indebtedness of the Owner to the County.

(f) Remedies Cumulative. Except as otherwise expressly stated in this Contract or as otherwise provided by applicable law, the rights and remedies of the County are cumulative, and the exercise of one or more of such rights or remedies shall not preclude the exercise by the County, at the same time or different times, of any other rights or remedies for the same Default or any other Default. No failure or delay by the County in asserting any of its rights and

remedies as to any Default shall operate as a waiver of any Default or of any such rights or remedies, or deprive the County of its rights to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

(g) Force Majeure. Performance of the covenants and conditions imposed upon the Owner hereunder with respect to the commencement and completion of the Improvements shall be excused while and to the extent that, the Owner, through no fault or negligence of its own, is prevented from complying therewith by war, riots, strikes, lockouts, action of the elements, accidents, or acts of God beyond the reasonable control of the Owner; provided, however, that as soon as the cause or event preventing compliance is removed or ceases to exist the obligations shall be restored to full force and effect and the Owner shall immediately resume installation of the Improvements.

14. **Severability.**

Each and every provision of this Contract is, and shall be construed to be, a separate and independent covenant and agreement. If any term or provision of this Contract or the application thereof shall to any extent be held to be invalid or unenforceable, the remainder of this Contract, or the application of such term or provision to circumstances other than those to which it is invalid or unenforceable, shall not be affected thereby, and each term and provision of this Contract shall, be valid and shall be enforced to the extent permitted by law.

15. **Notices.**

All notices and demands shall be given in writing by first class mail, postage prepaid, or by personal delivery (by recognized courier service). Notices shall be considered given upon the earlier of (a) personal delivery or (b)      (    ) business days following deposit in the United States mail, postage prepaid. Notices shall be addressed as provided below for the respective party; provided that if any party gives notice in writing of a change of name or address, notices to such party shall thereafter be given as demanded in that notice:

To the County:


Attention: Program Administrator

To the Owner:

International Brotherhood of 848 TCWH  
3888 Cherry Avenue  
Long Beach, California 90807  
Attention: Mr. Eric Tate, Secretary and Treasurer

Notwithstanding anything set forth above, after disbursement of funds to the Owner, all notices regarding the assessment shall be sent only as provided by the laws of the State of California.

16. **No Waiver.**

No disbursement of the Disbursement Amount based upon inadequate or incorrect information shall constitute a waiver of the right of the County to receive a refund thereof from the Owner. No disbursement of any portion of the Disbursement Amount shall constitute a waiver of any conditions to the County's obligation to make further disbursements. No waiver by the County of any failure by the Owner to comply with any provision of this Contract shall in any way preclude the County from thereafter declaring such failure by the Owner a Default hereunder or be deemed a waiver of any other or subsequent Default.

17. **Governing Law.**

This Contract shall be construed and governed in accordance with the laws of the State of California.

18. **Assignment by the County.**

The County, at its option, may (i) assign any or all of its rights and obligations under this Contract, and (ii) pledge and assign its right to receive the Assessment and the Annual Administrative Assessment, and any other payments due to the County hereunder, without obtaining the consent of the Owner.

19. **Assignment by Owner Prohibited.**

The Owner may sell, transfer, rent or otherwise dispose of all or a portion of its interests in the Property so long as the Assessment and the Annual Administrative Assessment, including each installment thereof and the interest and penalties thereon, shall constitute a lien against the Property until the same is paid in full. All other dispositions of all or a portion of the Owner's rights and obligations under this Contract are subject to the prior express written consent of the County, which consent may be granted or withheld in the sole and absolute discretion of the County.

20. **Carbon Credits.**

The Owner agrees that any carbon credits attributable to the Improvements shall be held on behalf of LACEP by the County.

21. **Entire Agreement; Amendment.**

This Contract, together with the other Contract Documents, is the entire agreement between the parties. Any other agreement related to the Improvements, and any amendment to this Contract, must be signed in writing by both parties.

22. **Natural Persons.**

If the Owner of the Property consists of more than one natural person, the obligations hereunder of all the owners shall be joint and several.

23. **Counterparts.**

This Contract may be executed in several counterparts, each of which shall be deemed an original, and all of such counterparts together shall constitute one and the same instrument.

24. **Special Termination.**

Notwithstanding anything to the contrary contained herein, this Contract shall terminate and be of no further force or effect if the Owner has submitted to the Program Administrator a notice of its decision to cancel this transaction in the form of the Notice of Cancellation attached as Exhibit J hereto, which notice shall be delivered to the County pursuant to Section 15 hereof no less than        ( ) days prior to the disbursement of the Disbursement Amount.

25. **No Third Party Beneficiary Rights.**

This Contract is entered into for the sole benefit of the Owner and the County and, subject to the provisions of Sections 10, 11, 12 and 19, no other parties are intended to be direct or incidental beneficiaries of this Contract and no third party shall have any right in, under or to this Contract.

IN WITNESS WHEREOF, the Owner and the County have entered into this Contract as of the date and year first above written.

**THE OWNER:**  
**INTERNATIONAL BROTHERHOOD  
OF 848 TCWH**

**THE COUNTY:**  
**COUNTY OF LOS ANGELES, CALIFORNIA**

\_\_\_\_\_  
Date of Execution by the Owner:

\_\_\_\_\_  
Name: \_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_, 20\_\_\_\_

**ACKNOWLEDGEMENT(S)**

STATE OF CALIFORNIA                    )  
  :    ss.:  
COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, before me, \_\_\_\_\_  
a notary public, personally appeared \_\_\_\_\_  
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are  
subscribed to the within instrument and acknowledged to me that he/she/they executed the same  
in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument  
the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that  
the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_

(This area for official notarial seal)

\_\_\_\_\_  
STATE OF CALIFORNIA                    )  
  :    ss.:  
COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, before me, \_\_\_\_\_  
a notary public, personally appeared \_\_\_\_\_  
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are  
subscribed to the within instrument and acknowledged to me that he/she/they executed the same  
in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument  
the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that  
the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_

(This area for official notarial seal)

**EXHIBIT A**  
**PARTICIPANT HANDBOOK**

**[To Come]**

**EXHIBIT B**  
**CERTAIN FINANCING TERMS**

Maximum Disbursement Amount: \$[200,000]

Contract Term:

Interest Rate: Seven Percent (7.00%) per annum.

Financing Costs in the Event of Noncompletion: \_\_\_\_\_ [County to determine]

Annual Administrative Assessment<sup>(1)</sup>: \_\_\_\_\_

Prepayment Premium: From \_\_\_\_\_ to \_\_\_\_\_, a prepayment premium of \_\_ percent (\_\_%)

From \_\_\_\_\_ to \_\_\_\_\_, a prepayment premium of \_\_ percent (\_\_%)

After \_\_\_\_\_, a prepayment premium of \_\_ percent (\_\_%)

Improvements: Roof [To be Discussed] and Solar

Estimated Payment Schedule:

Year <sup>(2)</sup>	Assessment			Maximum	Total
	Disbursement Amount <sup>(3)</sup>	Financing Costs <sup>(4)</sup>	Interest	Annual Administrative Assessment <sup>(5)</sup>	

<sup>(1)</sup> Based on the Maximum Annual Administrative Assessment established for LACEP, which amount may be adjusted from time to time by the Program Administrator, provided that the adjusted amount does not exceed the Maximum Annual Administrative Assessment.

<sup>(2)</sup> If funds are disbursed to the Owner before [August 2013], the assessment will appear on the property tax bill for the same tax year. If funds are disbursed after [August 2013], the assessment will appear on the property tax bill for the following tax year.

<sup>(3)</sup> Based on Maximum Disbursement. Subject to revision by the Program Administrator following the disbursement of the Disbursement Amount, if necessary, pursuant to the Contract to reflect the Disbursement Amount.

<sup>(4)</sup> Includes capitalized LACEP administrative expenses.

<sup>(5)</sup> Based on the Maximum Annual Administrative Assessment established for LACEP, which amount may be adjusted from time to time by the Program Administrator, provided that the adjusted amount does not exceed the Maximum Annual Administrative Assessment.



**EXHIBIT C**  
**DESCRIPTION OF THE PROPERTY**

## EXHIBIT D

### LOS ANGELES COUNTY ENERGY PROGRAM NOTICE OF PAYMENT SCHEDULE

Owner: International Brotherhood of 848 TCWH (the "Owner")

Address: 3888 Cherry Avenue  
Long Beach, California 90807 (the "Property")

Attention: Mr. Eric Tate, Secretary and Treasurer

Assessor's Parcel Number: \_\_\_\_\_

LACEP Loan Number: \_\_\_\_\_

Pursuant to Section 1(b)(i) of that certain Assessment Contract (the "Assessment Contract") executed by and between you, as Owner of the Property, and the County in connection with the Los Angeles County Energy Program, you are hereby notified that the schedule of Assessment Installments, interest thereon and the Maximum Annual Administrative Assessment with respect to the referenced property is as set forth below:

Year <sup>(1)</sup>	Assessment			Maximum	Total
	Disbursement Amount	Financing Costs <sup>(2)</sup>	Interest	Annual Administrative Assessment <sup>(3)</sup>	

<sup>(1)</sup> If funds are disbursed to the Owner before [August 2013], the assessment will appear on the property tax bill for the same tax year. If funds are disbursed [August 2013], the assessment will appear on the property tax bill for the following tax year.

<sup>(2)</sup> Includes capitalized LACEP administrative expenses.

<sup>(3)</sup> Based on the Maximum Annual Administrative Assessment established for LACEP, which amount may be adjusted from time to time by the Program Administrator, provided that the adjusted amount does not exceed the Maximum Annual Administrative Assessment.

The Notice of Assessment of record with the Office of the Registrar-Recorder/County Clerk of the County of Los Angeles will be amended to reflect the foregoing payment schedule.

Program Administrator,  
Los Angeles County Energy Program

## **EXHIBIT E**

### **NOTICE OF ASSESSMENT**

#### **WHEN RECORDED RETURN TO**

County of Los Angeles  
Treasurer and Tax Collector  
Kenneth Hahn Hall of Administration  
500 West Temple Street, Room 437  
Los Angeles, California 90012  
Attention: Los Angeles County Energy Program  
– Program Administrator

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### **NOTICE OF ASSESSMENT**

Pursuant to the requirements of Section 5898.32 of the Streets and Highways Code of the State of California, the undersigned Clerk of the Board of Supervisors (the “Board of Supervisors”) of the County of Los Angeles, a political subdivision of the State of California (the “County”), hereby gives notice that contractual assessments relating to that certain real property described in Appendix A hereto (the “Property”), in the amounts set forth in Appendix B hereto, were recorded in the Office of the Registrar-Recorder/County Clerk of the County, as provided for in said Section 5898.32.

Pursuant to that certain Assessment Contract (the “Assessment Contract”) by and between the County and the owner of the Property named herein in connection with the Los Angeles County Energy Program, the several assessments assessed on the Property set forth in Appendix B hereto became a lien upon the Property and the Property became subject to the assessment in accordance pursuant to the Assessment Contract, the Act and applicable law upon the execution of such Assessment Contract.

In addition to the assessment to pay the costs and expenses of the improvements to be acquired, the Property is subject to a separate and additional assessment, as set forth in Appendix B hereto, to be levied annually to pay for costs not otherwise reimbursed which will result from the administration and collection of assessments or from the administration or registration of any associated bonds and reserve or related funds.

Reference is made to the Assessment Contract for the amount of any final and adjusted assessments, including any annual assessment as levied for administrative costs or maintenance, as applicable.

Included in Appendix A hereto is the name(s) of the owner of record of the Property, which is also the assessed owner of the Property as it appears on the latest secured assessment roll, all as required pursuant to Section 27288.1 of the Government Code of the State of California.

Dated: \_\_\_\_\_

Clerk of the Board of Supervisors of the  
County of Los Angeles

By: \_\_\_\_\_  
Deputy

**Appendix A to Notice of Assessment**

**DESCRIPTION OF THE PROPERTY**

## **Appendix B to the Notice of Assessment**

Name(s) of Owner of the Property: International Brotherhood of 848 TCWH

Assessment Amount: \$[200,000]

Annual Administrative Assessment Amount:\_\_\_\_\_

## EXHIBIT F

### Payment of Contractual Assessment Required

Pursuant to the requirements of Section 5898.24(d) of the Streets and Highways Code of the State of California, the Board of Supervisors (the “Board of Supervisors”) of the County of Los Angeles, a political subdivision of the State of California (the “County”), hereby gives notice that the real property described in Appendix A hereto (the “Property”) is subject to a contractual assessment that is required to be paid in accordance with that certain Assessment Contract (the “Assessment Contract”) by and between the owner of the Property and the County in connection with the Los Angeles County Energy Program. Certain information regarding the contractual assessment assessed on the Property is set forth below.

- (1) The names of all current owners of the real property subject to the contractual assessment:

International Brotherhood of 848 TCWH

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- (2) Legal description of the Property: See Exhibit Appendix A attached hereto and incorporated herein by this reference.

- (3) Assessor’s parcel number for the Property:\_\_\_\_\_.

- (4) The annual amount of the contractual assessment:\_\_\_\_\_.

- (5) The contractual assessment referenced (4) above expires on the date such contractual assessment and any applicable penalties, costs, fees, and charges, including the Annual Administrative Assessment (as defined in the Assessment Contract), have been paid in full.

- (6) Funds from the contractual assessment were used to finance the acquisition and construction on and installation in the Property of certain qualifying renewable energy systems and energy and water efficiency improvements, as further described in the Assessment Contract.

- (7) Funds from the contractual assessment should be paid to the following:

[Name of entity to which contractual assessments should be paid]

[Address of entity]

[Contact person]<sup>2</sup>

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<sup>2</sup> Section 5898.24(d)(2)(E) of the Act requires the document to include “the entity to which funds from the contractual assessment will be paid and specific contact information for that entity”.

Date: \_\_\_\_\_

Treasurer and Tax Collector of the  
County of Los Angeles [or Entity to which  
Contractual Assessments will be paid]

By: \_\_\_\_\_<sup>3</sup>  
Name:  
Title:

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<sup>3</sup> Section 5898.24(d)(2)(F) of the Act requires the document to include “the signature of the authorized representative of the legislative body to which funds from the contractual assessment will be paid.”



**Appendix A to Notice of Payment of Contractual Assessment Required**

**DESCRIPTION OF THE PROPERTY**

**EXHIBIT G**

**LOS ANGELES COUNTY ENERGY PROGRAM  
NOTICE TO PROCEED**

Date: \_\_\_\_\_

Owner: \_\_\_\_\_ (the "Owner")

Address: \_\_\_\_\_  
\_\_\_\_\_ (the "Property")

Assessor's Parcel Number: \_\_\_\_\_

LACEP Loan Number: \_\_\_\_\_

Pursuant to Section 4(a) of that certain Assessment Contract (the "Assessment Contract") executed by and between you, as Owner of the Property, and the County in connection with the Los Angeles County Energy Program, you are hereby given notice to proceed (this "Notice to Proceed") with acquisition, construction and installation of the Improvements and, upon completion of the Improvements, submit a request for funding to LACEP. This Notice to Proceed constitutes consent and authorization pursuant to Section 5898.21 of the Act for the Owner to purchase directly the related equipment and materials for the Improvements and to contract directly for the construction on and/or installation in the Property of the Improvements. The Owner must complete installation of the Improvements no later than \_\_\_ days after the date of this Notice to Proceed, provided that the Owner and the Program Administrator may agree to an extension of this completion date for good cause shown pursuant to Section 4(b) and Section 13(g) of the Assessment Contract, but in no event shall the completion date be more than one year from the date of this Notice to Proceed. Disbursement of any amounts pursuant to the Assessment Contract is subject to satisfaction of the terms and conditions thereof.

Program Administrator,  
Los Angeles County Energy Program

## EXHIBIT H

### NOTICE OF PROPOSED CONTRACTUAL ASSESSMENT (Commercial Property Owner)

Notice Date: \_\_\_\_\_

Lender: \_\_\_\_\_

Loan Number(s): \_\_\_\_\_

Lender Address: \_\_\_\_\_

**Property Information:**

Owner: \_\_\_\_\_

Address: \_\_\_\_\_

Assessor's Parcel Number: \_\_\_\_\_

To Whom It May Concern:

The undersigned (the "Owner") is the owner of a certain real property located at the above-referenced address (the "Property"). You are the lender (the "Lender") with respect to the above-referenced loan (the "Loan") relating to the Property.

The Owner is sending this Notice of Proposed Contractual Assessment to (i) provide notice of the Owner's proposed participation in the Los Angeles County Energy Program ("LACEP"), (ii) request confirmation from the Lender that the levy of the contractual assessment pursuant to the herein described Assessment Contract will not constitute an event of default or cause, directly or indirectly, the exercise of any remedies under any documents relating to the Loan, and (iii) provide notice that the contractual assessment (including any penalties and interest) will be secured by a statutory lien on the Property that is senior to the lien securing the Loan.

Background. The County of Los Angeles, a political subdivision of the State of California (the "County") has established LACEP to help finance the acquisition and construction on and installation in the assessed properties, including the Property, of certain qualifying renewable energy systems and energy and water efficiency improvements (the "Improvements") pursuant to Chapter 29 of Part 3 of Division 7 of the Streets & Highways Code of the State of California ("Contractual Assessment Law"). The City of Long Beach, a political subdivision of the State, has resolved to participate in LACEP.

In accordance with Contractual Assessment Law, the County will levy a contractual assessment to finance the installation of the Improvements on certain property with the

agreement of the applicable property owner pursuant to the terms of an assessment contract (the "Assessment Contract") between such property owner and the County. Pursuant to Section 5898.30 of Contractual Assessment Law, the contractual assessment (including any penalties and interest) is collected on the property tax bill and is secured by a lien on the applicable property that is (i) senior to all private liens, including private liens that existed prior to levy of the contractual assessment and (ii) cannot be subordinated to the private liens.

Information regarding the purpose and method of administration of the assessments under LACEP can be found at \_\_\_\_\_ [website].

Participation in LACEP. The Owner has applied to participate in LACEP and intends to finance installation on the Property of the Improvements set forth on Exhibit A hereto. The contractual assessment to be levied on the Property (the "Contractual Assessment") pursuant to the Assessment Contract and the related payment terms are proposed to consist of the following:

Principal amount: \$ \_\_\_\_\_  
Estimated interest rate: \_\_\_\_\_ %  
Term of repayment period: \_\_\_\_\_  
Annual administrative component: \$ \_\_\_\_\_  
Total estimated annual installment: \$ \_\_\_\_\_

Lender Approval. Please acknowledge that participation of the Property in LACEP is acceptable to the Lender by executing the attached Certificate of Lender and returning it to the undersigned at your earliest convenience.

Very truly yours,

BY: \_\_\_\_\_  
(Signature)

OWNER NAME: \_\_\_\_\_

MAILING ADDRESS (if different than  
Property address): \_\_\_\_\_  
\_\_\_\_\_

## EXHIBIT I

### LENDER CONSENT TO PROPOSED CONTRACTUAL ASSESSMENT (Commercial Property Owner)

#### Property Information

Owner: \_\_\_\_\_

Address: \_\_\_\_\_

Assessor's Parcel Number: \_\_\_\_\_

Lender: \_\_\_\_\_

Loan Number(s): \_\_\_\_\_

The undersigned is the lender (the "Lender") with respect to the above-referenced loan (the "Loan") relating to the above-referenced property (the "Property"), fee title of which is owned by the above-referenced Owner. In connection with the Owner's application for participation in the Los Angeles County Energy Program ("LACEP") established by the County of Los Angeles (the "County"), the Lender hereby certifies, acknowledges, confirms and agrees as follows:

- (1) He/she is duly authorized to execute this Certificate on behalf of the Lender.
- (2) The Lender is in receipt of the Notice of Proposed Contractual Assessment (the "Notice") from the Owner that Owner intends to finance installation on the Property of certain renewable energy, energy efficiency and/or water efficiency improvements that will be permanently fixed to the Property by participating in LACEP.
- (3) As a result of an Assessment Contract between the County and the Owner (the "Assessment Contract") and pursuant to Chapter 29 of Part 3 of Division 7 of the Streets and Highways Code of the State of California, the Contractual Assessment described in the Notice will be levied on the Property and the Contractual Assessment (including any penalties and interest) will be secured by a statutory lien that is senior to the Loan securing the Loan.
- (4) The Lender consents to the levy of the Contractual Assessment pursuant to the Assessment Contract.
- (5) The Lender agrees that the levy of the Contractual Assessment will not constitute an event of default or cause, directly or indirectly, the exercise of any remedies under any documents relating to the Loan.

The Lender further acknowledges that the Owner and the County will rely on this Certificate in connection with the disposition and administration of the Assessment Contract and the LACEP.

[LENDER]

By: \_\_\_\_\_

Name:

Title:

Date:

**EXHIBIT J**

**LOS ANGELES COUNTY ENERGY PROGRAM  
NOTICE OF CANCELLATION**

\_\_\_\_\_ [and \_\_\_\_\_] are the owner[s] of record ([collectively,] the “Owner”) of that certain real property located at \_\_\_\_\_ located in the County of Los Angeles, California. The Owner previously executed that certain Assessment Contract (the “Assessment Contract”) with the County of Los Angeles (the “County”) in connection with the Los Angeles County Energy Program (“LACEP”). Pursuant to the Assessment Contract, Owner hereby notifies the LACEP Program Administrator in accordance with Sections 15 and 24 of the Assessment Contract no less than \_\_\_\_\_ (\_\_) days prior to the disbursement of the Disbursement Amount that the Owner has determined to cancel the transaction described in the Assessment Contract. Accordingly, the Contract shall terminate and be of no further force or effect, except that the Owner agrees to pay amounts due, if any, pursuant to Section 1(b)(iv) of the Assessment Contract relating to financing costs in the event of the improvements are not completed.

Dated: \_\_\_\_\_

[OWNER]

By: \_\_\_\_\_  
Name: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_

**[\$250,000]**  
**LOS ANGELES COUNTY ENERGY PROGRAM**  
**CONTRACTUAL ASSESSMENT LIMITED OBLIGATION IMPROVEMENT BONDS,**  
**SERIES 2013 C-1**

**BOND PURCHASE AGREEMENT**

[Closing Date]

Board of Supervisors  
County of Los Angeles, California  
Los Angeles, California

Ladies and Gentlemen:

The undersigned, Structured Finance Associates, LLC (the “Purchaser”) offers to enter into this Bond Purchase Agreement (the “Bond Purchase Agreement”) with the County of Los Angeles, a political subdivision of the State of California (the “County”), which, upon acceptance of this offer by the County, will be binding upon the County and the Purchaser. This offer is made subject to receipt by the Purchaser of the documents referred to in Section 6 hereof and to acceptance by the County by execution and delivery of this Bond Purchase Agreement to the Purchaser at or prior to 8:00 P.M., California time, on the date first above written, and if not so accepted will be subject to withdrawal by the Purchaser upon notice delivered to the County at any time prior to the acceptance hereof by the County. Capitalized terms in this Bond Purchase Agreement that are not otherwise defined herein shall have the meanings given to such terms in the Indenture.

1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, warranties, covenants and agreements hereinafter set forth, the Purchaser hereby agrees to purchase from the County and the County hereby agrees to deliver to the Purchaser, all (but not less than all), in the manner provided herein, of the \$[200,000] aggregate principal amount of the Los Angeles County Energy Program Contractual Assessment Limited Obligation Improvement Bonds, Series 2013 C-1 (the “Bonds”) at the purchase price of [Purchase Price] [(being \_\_\_\_ ) - if other than the principal amount of the Bonds]. The Bonds are being issued pursuant to the Indenture, dated as of [As of Date] (the “Indenture”), by and among the County, the Treasurer and Tax Collector of the County, as Paying Agent thereunder, and the Auditor-Controller of the County, as Fiscal Agent thereunder (the “Fiscal Agent”). The Bonds shall be delivered in fully registered form and shall be dated their date of delivery and mature on the date and in the principal amount, and interest with respect thereto shall be computed at the rate, all as shown in Exhibit A hereto. Interest on the Bonds will be payable semiannually each March 2 and September 2, commencing on [March 2, 2014]. The Bonds shall be subject to redemption as provided in the Indenture. The purchase price of the Bonds shall be the principal amount thereof.

2. The Bonds. The Bonds shall be issued in accordance with The Improvement Bond Act of 1915, being Division 10 of the Streets and Highways Code of the State of California



(the "1915 Act"), Chapter 29 of Part 3 of Division 7 of the Streets and Highways Code of the State of California (the "Contractual Assessment Law") and a Resolution of the County adopted on May 25, 2010, as supplemented by a Resolution of the County adopted on [County Resolution Date] (collectively, the "County Resolution").

The Bonds shall be issued pursuant to the Indenture and shall be payable from Revenues, including assessment installments remitted pursuant to that certain Assessment Contract, dated as of [As of Date] (the "Assessment Contract"), by and between the County and International Brotherhood of 848 TCWH (the "Commercial Property Owner"), a free and willing owner of property located in the City of Long Beach, County of Los Angeles, to finance the acquisition, construction and installation of distributed generation renewable energy sources and energy and water efficiency improvements (the "Improvements") in accordance with the Los Angeles County Energy Program ("LACEP"). Proceeds of the Bonds will also be used to pay certain costs of issuance incurred in connection with the issuance of the Bonds.

The Indenture, the Assessment Contract and this Bond Purchase Agreement are referred to herein as the "Legal Documents".

3. Representations, Warranties and Agreements of the County. The County hereby represents, warrants and agrees with the Purchaser as follows:

(a) the County is, and will be on the date of Closing, a political subdivision of the State of California (the "State") organized and operating pursuant to the Constitution and laws of the State with the full power and authority to adopt the County Resolution, execute and deliver the Legal Documents to be executed by it and to own its properties and to carry on its business as presently conducted;

(b) by official action of the County, prior to or concurrently with the acceptance hereof, the County has adopted the County Resolution and duly authorized and approved the execution and delivery of, and the performance by the County of the obligations on its part contained in, the Legal Documents to be executed by it and the consummation by it of all other transactions contemplated by the Legal Documents;

(c) the Legal Documents will have been, as of the date of Closing, duly authorized, executed and delivered by the County and constitute legal, valid and binding agreements of the County, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights generally and by the application of equitable principles if equitable remedies are sought;

(d) to the best knowledge of the County, the execution and delivery of the Legal Documents by the County and compliance with the provisions on the County's part contained herein and therein, will not in any material respect conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the County is a party or to which the County is otherwise subject;

(e) to the best knowledge of the County, the County is not in breach of or default under any applicable law or administrative regulation of the State or any applicable

judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the County is a party or is otherwise subject, which breach or default would materially adversely affect the County's ability to enter into or perform its obligations under the Legal Documents to be executed by it, and, no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a breach or default;

(f) to the best knowledge of the County, [and except as disclosed to the Purchaser,] there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending in which service of process has been completed against the County or threatened against the County in any material respect affecting the existence of the County or the titles of its officers to their respective offices or seeking to prohibit, restrain or enjoin the adoption of the County Resolution or the levying of the assessments under the Assessment Contract or in any way contesting or affecting the validity or enforceability of the 1915 Act, the Contractual Assessment Law or the Legal Documents or contesting the powers of the County or its authority to enter into, adopt or perform its obligations under any of the foregoing, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Legal Documents to be executed by the County or that could have a material adverse impact upon the ability of the County to enter into or perform its obligations under such documents or in any way contesting the existence or powers of the County.

4. Representations, Warranties and Agreements of the Purchaser. The Purchaser hereby represents, warrants and agrees with the County as follows:

(a) The Purchaser has authority to purchase the Bonds, to execute this Bond Purchase Agreement and any other instruments and documents required to be executed by the Purchaser in connection with the purchase of the Bonds and to take any action under this Bond Purchase Agreement required to be taken by and on behalf of the Purchaser, and this Bond Purchase Agreement, when duly executed and delivered by the other party hereto, is a binding contract of the Purchaser enforceable in accordance with its terms.

(b) The Bonds are being purchased in a private placement transaction and the terms of the sale and purchase have been established through negotiations between the County and the Purchaser in an arm's-length transaction.

(c) The Purchaser is a "Qualified Institutional Buyer" as defined in Rule 144A under the Securities Act of 1933, as amended (the "Securities Act") and has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal obligations of a nature similar to the Bonds, and is capable of evaluating the merits and risks of its investment in the Bonds. The Purchaser is purchasing the Bonds with a full understanding of all the terms and risks thereof and is able to bear the economic risk of, and entire loss of, an investment in the Bonds.

(d) The Bonds are being acquired by the Purchaser for investment and not with a view to, or for resale in connection with, any distribution of the Bonds, and the Purchaser intends to hold the Bonds for its own account for an indefinite period of time and not with a view to distribution thereof or with any present intention of offering or selling the Bonds. The

Purchaser understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.

(e) The Purchaser represents that its purchase of the Bonds and its subsequent sale, if any, are exempt from Securities and Exchange Commission Rule 15c2-12.

(f) The Purchaser acknowledges that the County has not prepared any offering document with respect to the Bonds and that no written information has been provided by the County to the Purchaser with respect to the Bonds. The Purchaser has made its own credit inquiry and analyses with respect to the Bonds and the security therefor and assumed the responsibility for obtaining and making such review as he has deemed necessary or desirable in connection with the decision to purchase the Bonds. The Purchaser is aware that the business of the Commercial Property Owner involves certain economic variables and risks that could adversely affect the security for the Bonds. The Purchaser's decision to purchase the Bonds and its investment decision as to the suitability of the Bonds was based upon its own judgment and did not rely on any information provided by the County (or any representatives or agents of the County) that is not in written form or any view expressed by the County.

(g) The Purchaser has had an opportunity to conduct its own investigation with respect to the offering and the Bonds, and to ask such questions of the County with respect to the Bonds as the Purchaser considered necessary or appropriate in connection with such investigation, the Purchaser has had access to or received all information that the Purchaser believes is necessary or appropriate to enable it to make its investment decision, and the Purchaser has had the opportunity to ask questions of and receive answers from knowledgeable officials of the County and other individual concerning the County, the Bonds, the Revenues and LACEP. The Purchaser acknowledges that it has not relied upon the County for any information in connection with the Purchaser's purchase of the Bonds.

(h) Neither the County nor Hawkins Delafield & Wood LLP, as bond counsel, or its members, its governing body, or any of its employees, counsel or agents will have any responsibility to the Purchaser for the accuracy or completeness of information obtained by the Purchaser from any source regarding the Commercial Property Owner or its financial condition or regarding the Bonds, the provision for payment thereof, or the sufficiency of any security therefor. The Purchaser acknowledges that, as between the Purchaser and all of such parties, the Purchaser has assumed responsibility for obtaining such information and making such review as the Purchaser deemed necessary or desirable in connection with its decision to purchase the Bonds.

(i) The Purchaser acknowledges that it is not entitled to rely on any investigation that any party other than the Purchaser may have conducted with respect to the Bonds, that the County has not made any representation to the Purchaser, express or implied, with respect thereto or given the Purchaser any assurance or guarantee as to the expected performance of the Bonds.

(j) The Purchaser acknowledges that the obligations of the County to make debt service payments on the Bonds are limited obligations payable solely from Revenues under the Indenture and the County shall not be directly or indirectly or contingently or morally

obligated to use any other moneys or assets of the County for all or any portion of such debt service.

(k) The Purchaser understands that the Bonds: (i) have not been and will not be registered under the Securities Act, and are not being registered or otherwise qualified for sale under the “Blue Sky” laws or regulations of any state; (ii) will not be listed on any stock or other securities exchange, (iii) will not carry a rating from any rating service, and (iv) may not be readily marketable, (iv) may not be offered, resold, pledged or otherwise transferred except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act; (v) bear restrictions as to transfer or exchange, as set forth in the Indenture and (vi) will be delivered in a form which may not be readily marketable.

(l) The Purchaser agrees and acknowledges that the Bonds cannot be sold unless (i) they are subsequently registered under the Securities Act and the “Blue Sky” laws or regulations of all applicable states or an exemption from such registration is available, and (ii) they are sold only to other “Qualified Institutional Buyers”.

(m) The Purchaser acknowledges that its right to sell and transfer the Bonds is subject to the delivery to the County of an investor letter from the proposed transferee substantially in the form attached as Exhibit B hereto, with no revisions except as may be approved in writing by the County. Failure to deliver such investor’s letter to the County shall cause the purported transfer to be null and void. The Purchaser agrees to indemnify and hold harmless the County with respect to any claim asserted against the County that is based upon the sale, transfer or other disposition of the Bonds.

5. Closing. At 8:00 a.m., California time, on [Closing Date], or at such other date and time as shall have been mutually agreed upon by the County and the Purchaser, the County will issue or cause to be issued to the Purchaser the Bonds in definite form duly executed and authenticated by the Fiscal Agent in book-entry form and the other documents hereinafter mentioned shall be delivered at the office of Hawkins Delafield & Wood LLP, Los Angeles, California (“Bond Counsel”), or at such other place as shall have been mutually agreed upon by the County and the Purchaser. The Purchaser will accept delivery of the Bonds and pay the purchase price thereof as set forth in Section 1 hereof in federal or other immediately available funds (such delivery of and payment for the Bonds is herein called the “Closing”). The Bonds shall be prepared and delivered to the Purchaser on the date of Closing in the form of one certificate, fully registered in the name of the Purchaser.

6. Closing Conditions. The Purchaser has entered into this Bond Purchase Agreement in reliance upon the representations, warranties and agreements of the County contained herein, the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the County of its respective obligations herein, both as of the date hereof and as of the date of Closing. Accordingly, the Purchaser’s obligations under this Bond Purchase Agreement to purchase, accept issuance of, and pay for the Bonds shall be conditioned upon the performance by the County of its obligations to be performed herein and the accuracy and delivery of the documents and instruments required to be delivered hereby at or prior to the Closing, and shall also be subject to the following additional conditions:

(a) the representations and warranties of the County contained or incorporated herein shall be true, complete and correct in all material respects at the date hereof and on and as of the date of Closing as if made on the date of Closing;

(b) at the time of the Closing, the Legal Documents shall be in full force and effect as valid and binding agreements between the various parties thereto, and the Legal Documents shall not have been amended, modified or supplemented after the date thereof except as may have been agreed to in writing by the Purchaser, and there shall be in full force and effect such resolutions as, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated hereby and by the Legal Documents and the County shall have performed its obligations required under or specified in the Legal Documents to be performed at or prior to the Closing;

(c) at the time of the Closing, all official actions of the County relating to the Legal Documents and the Bonds shall be in full force and effect in accordance with their respective terms and shall not have been amended, modified or supplemented in any material respect from the date hereof except as may have been agreed to in writing by the Purchaser;

(d) at or prior to the time of Closing, the Purchaser shall receive the following documents, in each case reasonably satisfactory in form and substance to the Purchaser [and its counsel, [Purchaser's Counsel] ("Purchaser's Counsel")]:

(i) executed copies of the Legal Documents;

(ii) the unqualified approving opinion of Hawkins Delafield & Wood LLP, Bond Counsel, dated the date of Closing and addressed to the County [substantially in the form set forth in Exhibit C hereto], together with a letter of such counsel, dated the date of Closing and addressed to the Purchaser, to the effect that the foregoing approving legal opinion addressed to the County may be relied upon by the Purchaser to the same extent as if such letter were addressed to them;

(iii) an opinion of the County Counsel, as counsel to the County, dated the date of Closing and addressed to the Purchaser to the effect that:

(A) the County is a political subdivision of the State, duly organized and validly existing pursuant to the laws and Constitution of the State, and has full legal right, power and authority to adopt the County Resolution and execute and deliver the Legal Documents, and perform its obligations under the Legal Documents;

(B) the County Resolution was duly adopted at a meeting of the Board of Supervisors of the County, as the governing board of the County, which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting at the time of adoption;

(C) the Legal Documents to which the County is a party have been duly authorized, executed and delivered by the County, and, assuming due authorization, execution and delivery by the other respective

parties thereto, constitute legal, valid and binding obligations of the County, enforceable against the County in accordance with their respective terms;

(D) to the best of County Counsel's knowledge, the County is not in breach of or default under any applicable law or administrative regulation of the State or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the County is a party or is otherwise subject, which breach or default would materially adversely affect the County's ability to enter into or perform its obligations under the Legal Documents to be executed by it, and, to the best of County Counsel's knowledge, no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a breach or default; and the execution and delivery of the Legal Documents by the County and compliance with the provisions on the County's part contained herein and therein, will not in any material respect conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument known to County Counsel after reasonable inquiry to which the County is a party or to which the County is otherwise subject; and

(E) to the best of County Counsel's knowledge, [and except as disclosed to the Purchaser,] there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending in which service of process has been completed against the County or threatened against the County affecting the corporate existence of the County or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the County's levying of the assessments under the Assessment Contract or contesting or affecting as to the County the validity or enforceability of the 1915 Act, the Contractual Assessment Law or the Legal Documents or contesting the powers of the County or any authorization in connection with the adoption of the County Resolution, or the execution and delivery by the County of the Legal Documents wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the 1915 Act, the Contractual Assessment Law as to the County or the performance by the County of its obligations under and in connection with the Legal Documents.

(iv) a certificate of an Authorized Representative of the County dated the date of Closing to the effect that:

(A) the representations and warranties of the County contained herein are true and correct in all material respects on and as of the date of Closing as if made on the date of Closing; and

(B) the County has complied with all of the agreements and satisfied all of the conditions on its part to be performed or satisfied pursuant to the Legal Documents at or prior to the time of Closing;

(v) a copy of the County Resolution certified by the Clerk of the Board of Supervisors of the County authorizing the execution and delivery of the Legal Documents; and

(vi) such additional legal opinions, certificates, instruments and other documents as Bond Counsel or Purchaser's Counsel may reasonably request to evidence compliance by the Fiscal Agent, the County with legal requirements, the truth and accuracy, as of the time of Closing, of the representations contained herein, the lack of any material adverse litigation or proceeding and the due performance or satisfaction by the Fiscal Agent, the County, at or prior to such time of all agreements to be performed and all conditions then to be satisfied.

7. Termination. The Purchaser shall have the right to terminate in its discretion the Purchaser's obligations under this Bond Purchase Agreement to purchase, to accept delivery of and to pay for the Bonds by notifying the County or Authority of its election to do so if, after the execution hereof and prior to the Closing, the purchase of and payment for the Bonds by the Purchaser on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission.

8. Expenses. The Purchaser shall pay or cause to be paid the expenses incident to the performance of the Purchaser's and the County's respective obligations hereunder including, but not limited to, (i) the cost of preparation, printing and delivery of the Indenture; (ii) the cost of preparation and printing of the Bonds; (iii) the fees and disbursements of Bond Counsel and the County Counsel; (iv) the fees and disbursements of any financial advisor for its services as financial advisors to the County; (v) the fees and disbursements of any other engineers, accountants, and other experts, consultants or advisers retained by the County, (vi) the fees and disbursements of Purchaser's Counsel; (vii) all California Debt and Investment Advisory Commission fees; and (viii) all other expenses incurred by the Purchaser in connection with the offering of the Bonds, including the fees and disbursements of any other counsel retained by them.

9. Notices. Any notice or other communication (other than the acceptance hereof as specified in the first paragraph hereof) to be given under this Bond Purchase Agreement may be given by delivering the same in writing

to the County to:

County of Los Angeles  
Treasurer and Tax Collector  
Kenneth Hahn Hall of Administration  
500 West Temple Street, Room 437  
Los Angeles, California 90012  
Attention: Public Finance

and to the Purchaser:

Structure Finance Associates, LLC  
1605 San Pablo Drive  
San Marcos, California 92078  
Attention: L. Jean Dunn, Jr.

10. Parties in Interest; Survivability of Representations, Warranties and Agreements. This Bond Purchase Agreement is made solely for the benefit of the County and the Purchaser and no other person shall acquire or have any right hereunder or by virtue hereof. All of the County's representations, warranties and agreements contained in this Bond Purchase Agreement shall remain operative and in full force and effect, regardless of: (i) any investigations made by or on behalf of the Purchaser; (ii) issuance of and payment for the Bonds pursuant to this Bond Purchase Agreement; and (iii) any termination of this Bond Purchase Agreement.
11. Governing Law. The laws of the State shall govern the validity, interpretation and performance of this Bond Purchase Agreement.
12. Entire Agreement. This Bond Purchase Agreement, when accepted by the County in writing as heretofore specified, shall constitute the entire agreement among the County and the Purchaser.
13. Headings. The headings of the paragraphs of this Bond Purchase Agreement are inserted for convenience of reference only and shall not be deemed to be a part hereof.
14. Effectiveness. This Bond Purchase Agreement shall become effective upon the execution and acceptance hereof by an Authorized Representative of the County and shall be valid and enforceable at the time of such acceptance.



15. Counterparts. This Bond Purchase Agreement may be executed in several counterparts, which together shall constitute one and the same instrument.

Very truly yours,

STRUCTURED FINANCE ASSOCIATES, LLC

By: \_\_\_\_\_  
Authorized Signatory

ACCEPTED:

This \_\_\_\_ day of \_\_\_\_\_, 2013

COUNTY OF LOS ANGELES, CALIFORNIA

By: \_\_\_\_\_  
Mark J. Saladino  
Treasurer and Tax Collector

Approved as to Form:

JOHN F. KRATTLI  
County Counsel

By: \_\_\_\_\_  
Principal Deputy County Counsel

**EXHIBIT A**

**BOND TERMS**

<b><u>Maturity Date</u></b>	<b><u>Amount</u></b>	<b><u>Rate</u></b>
September 2, 2033	[\$200,000]	7.00%

**EXHIBIT B**  
**FORM OF INVESTOR LETTER**

[Transfer Date]

Board of Supervisors  
County of Los Angeles, California  
Los Angeles, California

Hawkins Delafield & Wood LLP  
Los Angeles, California

Re: Los Angeles County Energy Program  
Contractual Assessment Limited Obligation Improvement Bonds, Series 2013 C-1

Ladies and Gentlemen:

The undersigned (the “Investor”) hereby acknowledges receipt of the above- referenced bonds (the “Bonds”) evidence and represent the right to receive principal and interest payments from Revenues, including assessment installments remitted pursuant to that certain Assessment Contract, dated as of [As of Date] (the “Assessment Contract”), by and between the County and International Brotherhood of 848 TCWH (the “Commercial Property Owner”), a free and willing owner of property located in the City of Long Beach, County of Los Angeles, to finance the acquisition, construction and installation of distributed generation renewable energy sources and energy and water efficiency improvements (the “Improvements”) in accordance with the Los Angeles County Energy Program (“LACEP”). The Bonds have been executed pursuant to the terms of that certain Indenture, dated as of [As of Date] (the “Indenture”), by and among the County, the Treasurer and Tax Collector of the County, as Paying Agent thereunder, and the Auditor-Controller of the County, as Fiscal Agent thereunder. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

**The Investor will provide the Paying Agent with the following information: a) the Investor’s Social Security Number or Tax Identification Number; b) a signed IRS Form W-9; c) the Investor’s mailing address; and d) payment instructions.**

The undersigned acknowledges that the Bonds were issued to finance Improvements of the Commercial Property Owner pursuant to LACEP and the Assessment Contract and pay certain costs of issuance incurred in connection with the issuance of the Bonds, as more particularly described in the Indenture.

In connection with the sale of the Bonds to the Investor, the Investor hereby makes the following representations upon which you may rely:

(a) The Purchaser has authority to purchase the Bonds, to execute this Bond Purchase Agreement and any other instruments and documents required to be executed by the Purchaser in connection with the purchase of the Bonds and to take any action under this Bond Purchase Agreement required to be taken by and on behalf of the Purchaser, and this Bond

Purchase Agreement, when duly executed and delivered by the other party hereto, is a binding contract of the Purchaser enforceable in accordance with its terms.

(b) The Bonds are being purchased in a private placement transaction and the terms of the sale and purchase have been established through negotiations between the County and the Purchaser in an arm's-length transaction.

(c) The Purchaser is a "Qualified Institutional Buyer" as defined in Rule 144A under the Securities Act of 1933, as amended (the "Securities Act") and has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal obligations of a nature similar to the Bonds, and is capable of evaluating the merits and risks of its investment in the Bonds. The Purchaser is purchasing the Bonds with a full understanding of all the terms and risks thereof and is able to bear the economic risk of, and entire loss of, an investment in the Bonds.

(d) The Bonds are being acquired by the Purchaser for investment and not with a view to, or for resale in connection with, any distribution of the Bonds, and the Purchaser intends to hold the Bonds for its own account for an indefinite period of time and not with a view to distribution thereof or with any present intention of offering or selling the Bonds. The Purchaser understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.

(e) The Purchaser represents that its purchase of the Bonds and its subsequent sale, if any, are exempt from Securities and Exchange Commission Rule 15c2-12.

(f) The Purchaser acknowledges that the County has not prepared any offering document with respect to the Bonds and that no written information has been provided by the County to the Purchaser with respect to the Bonds. The Purchaser has made its own credit inquiry and analyses with respect to the Bonds and the security therefor and assumed the responsibility for obtaining and making such review as he has deemed necessary or desirable in connection with the decision to purchase the Bonds. The Purchaser is aware that the business of the Commercial Property Owner involves certain economic variables and risks that could adversely affect the security for the Bonds. The Purchaser's decision to purchase the Bonds and its investment decision as to the suitability of the Bonds was based upon its own judgment and did not rely on any information provided by the County (or any representatives or agents of the County) that is not in written form or any view expressed by the County.

(g) The Purchaser has had an opportunity to conduct its own investigation with respect to the offering and the Bonds, and to ask such questions of the County with respect to the Bonds as the Purchaser considered necessary or appropriate in connection with such investigation, the Purchaser has had access to or received all information that the Purchaser believes is necessary or appropriate to enable it to make its investment decision, and the Purchaser has had the opportunity to ask questions of and receive answers from knowledgeable officials of the County and other individual concerning the County, the Bonds, the Revenues and LACEP. The Purchaser acknowledges that it has not relied upon the County for any information in connection with the Purchaser's purchase of the Bonds.

(h) Neither the County nor Hawkins Delafield & Wood LLP, as bond counsel, or its members, its governing body, or any of its employees, counsel or agents will have any responsibility to the Purchaser for the accuracy or completeness of information obtained by the Purchaser from any source regarding the Commercial Property Owner or its financial condition or regarding the Bonds, the provision for payment thereof, or the sufficiency of any security therefor. The Purchaser acknowledges that, as between the Purchaser and all of such parties, the Purchaser has assumed responsibility for obtaining such information and making such review as the Purchaser deemed necessary or desirable in connection with its decision to purchase the Bonds.

(i) The Purchaser acknowledges that it is not entitled to rely on any investigation that any party other than the Purchaser may have conducted with respect to the Bonds, that the County has not made any representation to the Purchaser, express or implied, with respect thereto or given the Purchaser any assurance or guarantee as to the expected performance of the Bonds.

(j) The Purchaser acknowledges that the obligations of the County to make debt service payments on the Bonds are limited obligations payable solely from Revenues under the Indenture and the County shall not be directly or indirectly or contingently or morally obligated to use any other moneys or assets of the County for all or any portion of such debt service.

(k) The Purchaser understands that the Bonds: (i) have not been and will not be registered under the Securities Act, and are not being registered or otherwise qualified for sale under the "Blue Sky" laws or regulations of any state; (ii) will not be listed on any stock or other securities exchange, (iii) will not carry a rating from any rating service, and (iv) may not be readily marketable, (iv) may not be offered, resold, pledged or otherwise transferred except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act; (v) bear restrictions as to transfer or exchange, as set forth in the Indenture and (vi) will be delivered in a form which may not be readily marketable.

(l) The Purchaser agrees and acknowledges that the Bonds cannot be sold unless (i) they are subsequently registered under the Securities Act and the "Blue Sky" laws or regulations of all applicable states or an exemption from such registration is available, and (ii) they are sold only to other "Qualified Institutional Buyers".

(m) The Purchaser acknowledges that its right to sell and transfer the Bonds is subject to the delivery to the County of an investor letter substantially in the form hereof, with no revisions except as may be approved in writing by the County. Failure to deliver such investor's letter to the County shall cause the purported transfer to be null and void. [The Purchaser agrees to indemnify and hold harmless the County with respect to any claim asserted against the County that is based upon the sale, transfer or other disposition of the Bonds.]

Very truly yours,

Signature: \_\_\_\_\_

Name: \_\_\_\_\_  
Tax Identification Number: \_\_\_\_\_  
Mailing Address: \_\_\_\_\_  
Payment Instructions: \_\_\_\_\_

**EXHIBIT C**

**FORM OF APPROVING/SUPPLEMENTAL OPINION**

**[To Come.]**